



United Nations

**Report of the
International Civil Service Commission
for the year 1993**

**General Assembly
Official Records • Forty-eighth Session
Supplement No. 30 (A/48/30)**

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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ABBREVIATIONS

ACC	Administrative Committee on Coordination
ACPAQ	Advisory Committee on Post Adjustment Questions
CCAQ	Consultative Committee on Administrative Questions
CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
FAO	Food and Agriculture Organization of the United Nations
FEPCA	Federal Employees' Pay Comparability Act (1990)
FICSA	Federation of International Civil Servants' Associations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMO	International Maritime Organization
IRS	United States Internal Revenue Service
ITC	International Trade Centre UNCTAD/GATT
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	Office of the United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UPU	Universal Postal Union
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

GLOSSARY OF TECHNICAL TERMS

Band approach	One of the approaches considered by ICSC to determine gross salaries (pensionable remuneration) from net pensionable salaries for the General Service and related categories of staff. Under this approach, net salary scales at all duty stations would be divided into a predetermined number of "bands". The grossing-up factor for a particular band would be the same at all duty stations.
Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world equal those shown in this scale.
Benchmark	Context: Job classification. A description of typical duties and responsibilities found at a particular grade level which is used in establishing the classification of posts.
Common Classification of Occupational Groups (CCOG)	A set of definitions for individual occupations covering jobs typically found in the common system and a schema for coding each occupation.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest paid levels. The United States federal civil service has been used as the comparator since the inception of the United Nations.
Consolidation of post adjustment	The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or "consolidating" it in the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment classifications at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff.
Contributory service	All United Nations common system staff members meeting certain criteria participate in the United Nations Joint Staff Pension Fund (UNJSPF) and contribute a percentage of their pensionable remuneration to the Fund. The period over which this contribution is made is termed "years of contributory service".

Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington, D.C. is applied to the comparator salaries to determine their "real value" in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.
Dependency rate salaries	Net salaries reflecting the allowance for a primary dependant.
Extrapolation	A technique used to estimate values beyond the range of values in a series.
FEPCA	The Federal Employees' Pay Comparability Act (1990) passed by the United States Congress whereby pay of federal civil service employees would be brought to within 5 per cent of that of the private sector comparators over a period of time.
Flemming principle	The basis used for the determination of conditions of service of the General Service and other locally recruited categories of staff. Under the application of the Flemming principle, General Service conditions of employment are based on best prevailing local conditions.
Grade creep	A term used to express artificial inflation in the grades of posts.
Grossing-up procedure	The method used to determine gross salaries from net salaries.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Montreal, New York, Paris, Rome and Vienna.
Income inversion	Context: Comparison of gross salaries (pensionable remuneration) of General Service staff with the pensionable remuneration of the Professional staff. The phenomenon relates to situations where the same or lower net remuneration received by staff in one category leads to a pensionable remuneration higher than that of staff from another category receiving the same or higher net remuneration.
Income replacement ratio	The ratio of pension to average net salary received during the same three-year period used in the determination of the pension benefit.

Interim adjustment	Context: Pensionable remuneration. Adjustment to pensionable remuneration amounts between comprehensive reviews.
Itemized and standard deductions	Context: Tax calculations. Under most tax systems certain expenses are considered as tax deductible. In some cases taxpayers itemize such deductions individually, while in others a standard predetermined amount is used to cover all deductible expenses.
Noblemaire principle	The basis used for the determination of conditions of service of the Professional and higher categories of staff. Under the application of the principle, salaries of the Professional staff in New York are determined by comparison with those of United States federal civil service employees.
Non-pensionable component	Context: General Service pensionable remuneration. Some outside employers used in General Service salary surveys pay, in addition to gross salaries, a number of allowances and fringe benefits, some of which they consider as "non-pensionable", that is, not taken into account in determining the retirement benefits of their employees. Those are added together to arrive at the "non-pensionable component". The sum of all "non-pensionable" elements is expressed as a percentage of net salary, which is reduced by the applicable threshold to arrive at the "non-pensionable component".
Pensionable remuneration	The amount used as the basis for effecting contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund (UNJSPF). Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Place-to-place survey	Comparisons of living costs between a given location and the base city, at a specified date. Such comparisons are established by means of place-to-place surveys.
Post adjustment classification	Post adjustment classification (PAC) is based on the post adjustment index and is expressed in classes and/or multipliers. A post adjustment "class" corresponds to an interval equivalent to 5 per cent of the previous class level (e.g. 100-105, 106-110, 111-116, 117-122, etc.). Staff members at a duty station in class 1 (multiplier 5) would receive five times the annual post adjustment amount per index point (i.e. equivalent to 5 per cent of net base salary) at the appropriate grade and step as a supplement.

Post adjustment index	The post adjustment index for a duty station is a measurement of the living costs of international staff members in the Professional and higher categories posted at the location, compared with such costs in New York as at a specific date.
Post adjustment multiplier	The difference between the index number corresponding to a given class or fraction of a class, and class 0 (index 100). For instance, class 0 has multiplier 0, class 1, which starts at index 105, has multiplier 5, class 2, starting at index 110, has multiplier 10, etc. It is this figure multiplied by the post adjustment amount for a given grade and step that determines the actual dollar post adjustment payment for the duty station concerned.
Simulation	A technique used to analyse the operation of a system by duplicating its behaviour experimentally. Inferences about the actual operation of the system may be drawn by constructing a model of the system and experimenting with its operation.
Single rate salaries	Net salaries determined for those without a primary dependant.
Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is an internal United Nations form of "taxation" and is analogous to taxes on salaries applicable in most countries.
Tax Equalization Fund	A fund maintained by, for example, the United Nations, which is used for reimbursement of national taxes levied on United Nations income for some staff members.
Tier II standard	Job classification standard developed for a specific field of work to complement the Master Standard for the classification of Professional and higher category posts.

LETTER OF TRANSMITTAL

16 August 1993

Sir,

I have the honour to transmit herewith the nineteenth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(Signed) M. BEL HADJ AMOR
Chairman

His Excellency Mr. Boutros Boutros-Ghali
Secretary-General of the United Nations
New York

SUMMARY OF RECOMMENDATIONS THAT CALL FOR DECISIONS BY THE
GENERAL ASSEMBLY AND THE LEGISLATIVE ORGANS OF THE OTHER
PARTICIPATING ORGANIZATIONS

Paragraph
reference

A. Pensionable remuneration and pension entitlements

Comprehensive review of the pensionable remuneration and consequent pensions of staff in the General Service and related categories

- 85 The Commission decided to recommend to the General Assembly the income replacement approach using 66.25 per cent of the net pensionable salary for determining the pensionable remuneration of the General Service and related categories of staff. The revised procedure should be implemented on the occasion of the first adjustment of the salary scale on or after 1 April 1994 and subsequent adjustments of pensionable remuneration should be made on the basis of a 1-to-1 interim adjustment procedure. The Commission also decided to recommend that the procedure outlined under paragraph 44 should be used to determine a common staff assessment scale, with two separate sets of rates (single and dependent) in 1996. The common staff assessment scale should be introduced in 1997 to determine the pensionable remuneration of all categories of staff.

B. Remuneration of the Professional and higher categories

(i) Base/floor salary scale

- 120 The Commission decided to recommend to the General Assembly that the current base/floor salary scale for the Professional and higher categories of staff be increased by 3.6 per cent through consolidation of post adjustment, with effect from 1 March 1994.

(ii) Expatriate entitlements of staff living in the home country and stationed elsewhere

- 143 In response to General Assembly resolution 44/198 of 21 December 1989, the Commission has reported the practices of the organizations regarding expatriate entitlements of staff living in the home country and stationed elsewhere, along with the views of the Commission thereon regarding harmonization of those practices. Should the General Assembly wish the Commission to study the matter further, ICSC would do so on the basis of the Assembly's decision as to whether the harmonization should be around the current United Nations practice or that of the specialized agencies.

(iii) Language incentive for staff in the Professional and higher categories

- 172 The Commission decided to recommend to the General Assembly that for those organizations which considered that a language incentive scheme was a useful means of improving linguistic balance in the overall context of improved organizational effectiveness, the parameters outlined under paragraph 172 (a)-(d) should apply.

Paragraph
reference

(iv) Staff assessment and the Tax Equalization Fund

- 206 The Commission decided to recommend to the General Assembly, for implementation with effect from March 1994, the revised staff assessment scale in annex X to the present report for use in conjunction with gross base salaries for the Professional and higher categories of staff.

C. Implementation of the decisions and recommendation of the Commission

- 261 The Commission requested the International Labour Organisation to
(a) bring its practice with respect to extra steps beyond the salary scale
(iii) into line with that of the common system.

SUMMARY OF FINANCIAL IMPLICATIONS OF THE COMMISSION'S
RECOMMENDATIONS TO THE GENERAL ASSEMBLY FOR THE UNITED
NATIONS AND PARTICIPATING ORGANIZATIONS

(FOR ALL SOURCES OF FUNDS)

Paragraph
reference

A. Pensionable remuneration and pension entitlements

Comprehensive review of the pensionable remuneration and consequent
pensions of staff in the General Service and related categories

- 79 The Commission decided to recommend, inter alia, a revised methodology for the determination of the pensionable remuneration of the General Service and related categories of staff for implementation from 1 April 1994 and a procedure for subsequent adjustments of the pensionable remuneration between comprehensive reviews. The introduction of the revised methodology would result in a reduction in cost to the Member States by \$3.74 million per year. The introduction of the revised interim adjustment procedure would yield cost reductions of approximately \$230,000 for the first year, which would have a cumulative effect.

B. Remuneration of the Professional and higher categories

(i) Base/floor salary scale

- 119 The Commission recommended that the current base/floor salary scale for the Professional and higher categories of staff be increased by 3.6 per cent with effect from 1 March 1994. The financial implications associated with this recommendation are estimated at \$2.845 million per annum. For the 10 months of 1994, the corresponding financial implications are estimated at \$2.371 million.

(ii) Post adjustment issues: use of data from external sources

By section I, paragraph 5 of its resolution 43/226 of 21 December 1988, the General Assembly had requested the Commission to analyse the feasibility of utilizing existing data sources and in this regard to give consideration to both public and private sources which published up-to-date and accurate data on relevant subjects. In its fifteenth annual report, the Commission informed the General Assembly that it had decided to use external data sources and housing costs to supplement or replace existing sources whenever benefits of cost and timeliness existed in order to streamline the post adjustment system. ^{1/} In its sixteenth annual report, the Commission informed the General Assembly that time-to-time adjustment of the housing component of the post adjustment would be governed by housing price indices using data from external sources. ^{2/} By section III, paragraph 2 of its resolution 45/241 of 21 December 1990, the General Assembly took note, inter alia, of the above recommendation of the Commission. The

^{1/} Official Records of the General Assembly, Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, para. 235.

^{2/} Ibid., Forty-fifth Session, Supplement No. 30 (A/45/30), para. 95.

Paragraph
reference

Commission has completed arrangements for the use of data from external sources. The financial implications arising from the use of data from external sources will amount to \$85,000 per annum. In addition, there will be an initial one-time cost of \$50,000.

C. Remuneration of the General Service and related categories:
survey of best prevailing conditions of service in Paris

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As part of its responsibilities under article 12 of its statute, the Commission conducted a survey of best prevailing conditions of service for the General Service and related categories in Paris and submitted to the Director-General of United Nations Educational, Scientific and Cultural Organization (UNESCO) its recommendations regarding the salary scale and the levels of the spouse and children's allowances. The overall impact of all recommendations of the Commission would be a reduction in costs by approximately \$2.6 million per annum for all organizations and for all sources of funds.

CHAPTER I

ORGANIZATIONAL MATTERS

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

"The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ..."

2. To date 12 organizations have accepted the statute of the Commission, and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances. Two other organizations, although not having formally accepted the statute, have participated fully in the Commission's work.

B. Membership

3. At its forty-seventh session, by decision 47/317 of 23 December 1992 the General Assembly appointed four new members and reappointed one member of the Commission to four-year terms of office commencing 1 January 1993.

4. Messrs. Humayun Kabir (Bangladesh), Ernest Rusita (Uganda), Missoum Sbih (Algeria) and Mario Yango (Philippines) were appointed to replace Mr. Sayed Amjad Ali (Pakistan), Mrs. Francesca Yetunde Emanuel (Nigeria), Mr. Omar Sirry (Egypt) and Mr. M. A. Vellodi (India). Mr. Valery F. Keniaykin (Russian Federation) was reappointed.

5. The membership of the Commission for 1993 is as follows:

Mr. Mohsen Bel Hadj Amor (Tunisia)** (Chairman)
Mr. Mario Bettati (France)*
Mrs. Turkia Daddah (Mauritania)**
Mr. Humayun Kabir (Bangladesh)***
Mr. Valery Fiodorovich Keniaykin (Russian Federation)***
Ms. Lucretia F. Myers (United States of America)*
Mr. Antonio Fonseca Pimentel (Brazil)*
Mr. Andre Xavier Pirson (Belgium)**
Mr. Jaroslav Riha (Czech Republic)**
Mr. Ernest Rusita (Uganda)***
Mr. Missoum Sbih (Algeria)***
Mr. Alexis Stephanou (Greece)*
Mr. Ku Tashiro (Japan)*
Mr. Carlos S. Vegega (Argentina)** (Vice-Chairman)
Mr. Mario Yango (Philippines)***

* Term of office expires 31 December 1993.

** Term of office expires 31 December 1994.

*** Term of office expires 31 December 1996.

C. Sessions held by the Commission and questions examined

6. The Commission held two sessions in 1993: the thirty-seventh, which took place from 8 to 26 March at United Nations Headquarters in New York, and the thirty-eighth, which took place from 15 July to 3 August at the Vienna International Centre.

7. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

D. Subsidiary body

8. The Advisory Committee on Post Adjustment Questions (ACPAQ), established by the Commission in 1976, held its seventeenth session at United Nations Headquarters in New York from 4 to 10 May 1993. It consisted of the following members: Mr. Carlos S. Vegega (Argentina), Vice-Chairman of the Commission and Chairman of the Committee, Mr. Emmanuel Oti Boateng (Ghana), Mr. Yuki Miura (Japan), Mr. Hugues Picard (France), and Mr. Andrei Filippovich Revenko (Russian Federation) and Mr. Rafael Trigueros Mejía (Costa Rica).

E. Staff participation

9. Under rule 37 of the Commission's rules of procedure, representatives of the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee of International Staff Unions and Associations (CCISUA) may attend meetings, and may address the Commission on any matters on its agenda. Under the same rule, the executive head and the staff representatives of a participating organization may attend meetings and address the Commission on matters of particular interest to that organization, for example, surveys of best prevailing conditions of employment for the General Service and related categories of staff at a given duty station.

10. In its eighteenth annual report, the Commission had reported to the General Assembly that at the session of the Commission, to be held in July-August 1992, FICSA and CCISUA had decided not to continue their participation in the Commission's deliberations at that session. 1/

11. While both FICSA and CCISUA continued suspension of their participation in the session of the Commission in March 1993, they participated fully in all working groups established by ICSC as well as in the meeting of ACPAQ in May 1993 (see para. 8 above). Since late 1992, and in particular since the Commission's session in March 1993, its Chairman has carried out informal consultations with the representatives of the staff bodies with a view to stressing the importance the Commission attached to their participation in its deliberations. CCISUA, for its part, stressed the need for the Commission to be more responsive to its concerns. In particular, it underlined the need for the Commission's decisions to be based on technical considerations. Through an exchange of correspondence, with the Chairman of the Commission, CCISUA raised a number of specific points regarding various aspects of the working methods of the Commission. Specifically, the questions of briefings of the staff on issues of critical importance, informal discussions with the Commission on major issues, submission in writing of comments in the form of an addendum to documents, the establishment of technical working groups and in-session tripartite working groups and their modus operandi, and full access to

information, received a positive response from the Chairman. As a result of those informal contacts, CCISUA decided to resume its participation in the meetings of ICSC and participated fully in the Commission's session in July-August 1993.

12. In a letter dated 11 July 1993, the President of FICSA informed the Chairman that FICSA would not resume participation in the work of the Commission until such time as the Commission (a) accepted the recommendations of the United Nations Joint Staff Pension Board, at its forty-fifth (special) session held in June 1993, (b) agreed to review the revised methodologies for the determination of General Service salaries at both headquarters and non-headquarters duty stations, and (c) acceded to the request of FICSA for the data used in the Paris salary survey as well as the calculations based thereon. The President of FICSA also informed the Chairman that, pending a review of the methodology, it would be necessary to withhold implementation of the results of the Paris survey. The Commission could not, as a matter of principle, accept any preconditions to the participation of FICSA in the work of ICSC. It was, however, willing to provide FICSA with data and the details of the relevant calculations pertaining to the Paris General Service salary survey, but could not agree to its suggestion that the implementation of the survey results be delayed. The Commission nevertheless requested its Chairman to continue informal contacts with FICSA with a view to keeping all channels of communication open, and expressed the hope that FICSA would find it possible to participate fully in the deliberations of the Commission in the near future.

13. Under article 12 of its statute, the Commission carried out a survey of best prevailing conditions of employment for the General Service and related categories of staff in Paris (see para. 198 below). The UNESCO Staff Association (STA, affiliated to FICSA) and the International Staff Association of UNESCO (IPAU, affiliated to CCISUA) did not participate in the pre-survey consultations regarding the survey or in the data collection exercise. However, IPAU participated in the deliberations of the Commission on the survey at its session in July-August 1993.

CHAPTER II

ACTION TAKEN IN RELATION TO RESOLUTIONS AND DECISIONS OF THE GENERAL ASSEMBLY AND GOVERNING BODIES OF OTHER ORGANIZATIONS

A. Action in relation to resolutions and decisions of the General Assembly at its forty-seventh session (arising from the eighteenth annual report of the Commission)

14. The Commission took action in relation to resolutions and decisions adopted by the General Assembly at its forty-seventh session arising from the eighteenth annual report of the Commission in respect of the following matters:

1. Resolution 47/216 of 23 December 1992

15. Section II.A. The General Assembly took note of the Commission's study of the methodology for determining the cost-of-living differential between New York and Washington, D.C., used in the net remuneration margin calculations. It requested the Commission to take into account the views expressed by Member States on the completion of the study and to submit a report on the application of the methodology to the General Assembly. The Commission's consideration of this matter is reported in paragraphs 101-107 below.

16. Section II.C. The General Assembly reiterated its request to the Commission to complete phase I of its study on the identification of the highest-paid civil service, and to report thereon to the Assembly at its forty-ninth session. In that context, it invited the Commission also to study all aspects of the application of the Noblemaire principle with a view to ensuring the competitiveness of the United Nations common system. The Commission's consideration of this matter is reported in paragraphs 86-100 below.

17. Section II.E. The General Assembly endorsed in principle the approach outlined by the Commission in its eighteenth annual report for the introduction of special occupational rates and requested it to submit recommendations for the Assembly's consideration at its forty-eighth session. The Commission's consideration of this issue is reported in paragraphs 144-153 below.

18. Section III. The General Assembly endorsed the reaffirmation by the Commission of the Flemming principle as the basis for the determination of the conditions of service of the General Service and related categories.

19. Section VI. The General Assembly requested the Commission to continue to report on a regular basis both on the extent of implementation of previous recommendations concerning the status of women in the United Nations system and of new initiatives proposed or introduced by the organizations to enhance their status. The Commission's consideration of this matter is reported in paragraphs 236-242 below.

20. Section VII. The Commission was urged to give equal attention in its work programme to measures designed to promote sound personnel management in the international public service. Its consideration of selected topics falling in the personnel policy area are reported in paragraphs 209-235 below.

2. Resolution 47/203 of 22 December 1992:
United Nations pension system

21. In section III of its resolution 47/203 General Assembly requested the Commission, in close cooperation with the Pension Board, as appropriate, to finalize in 1993 the comprehensive review of the methodology for determining the pensionable remuneration and consequent pensions of staff in the General Service and related categories, and to submit recommendations on all aspects of the methodology, including the effective date of implementation and transitional measures to protect acquired rights, to the Assembly at its forty-eighth session. Details of the Commission's consideration of this matter may be found in paragraphs 30-85 below.

3. Resolution 47/219 of 23 December 1992

22. In section XXVI of resolution 47/219, the General Assembly urged the Commission to review the rates of staff assessment during 1993. The Commission's consideration of this issue is reported in paragraphs 199-206 below.

B. Resolutions and decisions adopted by governing
bodies of other organizations

23. The resolutions and decisions adopted by the governing bodies of the Food and Agriculture Organization of the United Nations (FAO), the International Telecommunication Union (ITU) and the United Nations Industrial Development Organization (UNIDO) which were of relevance to the programme of work of the Commission were also brought to the Commission's attention. ICSC noted the usefulness of resolutions of governing bodies of organizations of the common system being reported to it on a regular basis.

CHAPTER III

PENSIONABLE REMUNERATION AND PENSION ENTITLEMENTS

A. Pensionable remuneration of the Professional and higher categories: monitoring of pensionable remuneration

24. Under its mandate from the General Assembly as set forth in section I of its resolution 41/208 of 11 December 1986, the Commission continued to monitor the pensionable remuneration of the United Nations system staff in the Professional and higher categories and that of the United States federal civil service employees in comparable grades. The procedure proposed by the Commission to the General Assembly in 1990, and approved by the Assembly in resolution 45/242 of 21 December 1990, was used for calculating the consequent pensionable remuneration ratio for 1993. As in the case of the net remuneration margin, the ratio was calculated using the revised New York/Washington cost-of-living differential methodology. That ratio was 113.4, including adjustment for the cost-of-living differential, and 132.0 without that adjustment.

25. The income replacement ratios applicable over the three-year period from 1 January 1991 to 31 December 1993 were also calculated for both services. These were 55 and 56 for the common system and the comparator civil service, respectively.

Views of the organizations

26. The Chairman of CCAQ took note of the pensionable remuneration margin estimate for 1993 and the income replacement ratios for the three-year period ending 31 December 1993. CCAQ had referred at previous sessions to the fact that the United Nations income replacement ratio had been lower than that of the comparator since that measurement began; it asked if the ICSC secretariat could investigate which of the parameters in the methodology for establishing pensionable remuneration was causing that persistent difference.

Views of the staff representatives

27. The President of CCISUA took note of the pensionable remuneration margin. He supported the request of CCAQ for a clarification, at the time of the next report on the monitoring of pensionable remuneration, with regard to the elements that created a difference between the United Nations and United States income replacement ratios.

Decision of the Commission

28. The Commission decided to report to the General Assembly:

- The pensionable remuneration margin for 1993 of 113.4 and 132.0, with and without adjustment for the New York-Washington cost-of-living differential, respectively.
- The income replacement ratios for the three-year period from 1 January 1991 to 31 December 1993 of 55 and 56 per cent for the United Nations common system and the United States federal civil service, respectively.

29. Details of the relevant calculations are shown in annex I to the present report.

B. Comprehensive review of the pensionable remuneration and consequent pensions of staff in the General Service and related categories

30. The Commission first informed the General Assembly in its sixteenth annual report (1990) 2/ of its intention to undertake in 1991, as a priority issue, a comprehensive review of pensionable remuneration and consequent pensions for the General Service and related categories of staff. Since 1991, the Commission has addressed various aspects of the methodology for determining the pensionable remuneration of the General Service staff in close cooperation and consultation with the United Nations Joint Staff Pension Board (UNJSPB). In its eighteenth annual report (1992), the Commission informed the Assembly of the progress made in that regard; 3/ it also requested the ICSC and UNJSPB secretariats to develop a single scale of staff assessment rates for presentation to the Commission at its spring session in 1993, along with the data collected to date on the band and the local taxes approaches. 4/

(a) Session of the Commission in March 1993

31. Information pertaining to the above request was considered by the Commission at its session in March 1993. At an informal briefing organized for the members of the Commission and the representatives of organizations and staff, the Commission undertook a preliminary examination of that information. Following an exchange of views, the Commission decided that an informal technical working group, with the participation of the two secretariats and the organizations, should be convened to prepare further documentation on the issue for consideration by the Commission. It was also agreed that the representatives of FICSA and CCISUA should be invited to participate in the informal working group.

32. The informal working group was convened with the participation of the representatives of the organizations and secretariats of ICSC and UNJSPB. Representatives of FICSA and CCISUA participated during part of the meeting. Following the meeting, informal consultations were also held between the representatives of the organizations and the two secretariats. The report of the group was considered by the Commission.

Views of the organizations

33. CCAQ informed the Commission that four members representing the organizations, as well as the Secretary of CCAQ, had participated in the work of the informal working group. CCAQ had not formally examined the report of the group; however, it had full confidence in the members delegated to participate in its work.

34. The representative of ILO fully supported the findings of the group, in particular those concerning the phased approach to the introduction of various aspects of the new system for determining the pensionable remuneration of the General Service staff over a period of time. While noting that the methodology was principally a technical issue, ILO was of the view that it was an important consideration in the context of staff-management relations for the organizations. She noted that contrary to the views of the group, the revisions to the headquarters and the non-headquarters salary survey methodologies might not necessarily have an impact on the levels of salaries. The main purpose of the amendments to those methodologies was to streamline and rationalize the survey process. The General Assembly, in section III of its resolution 47/203, had endorsed certain conclusions reached by the Commission last year and requested ICSC to submit recommendations on all aspects of the methodology. That would imply that there was room for judgement and interpretation on the

part of the Commission. The main concern of ILO was the decision of the Commission to use 56.25 per cent of net salary as the basis for determining the appropriate tax element, instead of 66.25 per cent. She recalled that that element has been the subject of long debate and ILO, therefore, did not want to reopen the discussion of the validity of the hypotheses used. Bearing in mind the developments since the Commission's summer session in 1992 concerning that matter, ILO wondered whether the decision should not be in favour of using 66.25 per cent of the remuneration at the present juncture. She informed the Commission that the jurisprudence of the ILO Administrative Tribunal required ILO to examine the legality of the Commission's decisions before making any amendments to its Staff Regulations.

Discussion by the Commission

35. The Commission recalled that, in its eighteenth annual report (1992), 4/ it had requested its secretariat, along with that of the Pension Board, to develop a common scale of staff assessment rates for presentation to ICSC at its spring session in 1993, along with the data collected to date on the band approach and the local taxes approach. In view of the above, the informal working group had examined both approaches.

36. The Commission recalled its earlier examination of the band approach in 1992, which had been carried out by a working group it had established, in the context of its applicability for determining pensionable remuneration from net salaries of General Service staff. However, the question of its applicability for determining the pensionable remuneration of the Professional and higher categories of staff had never been considered. In its review of the possible use of the band approach, the informal working group had concluded that such a fundamental change in the methodology to determine the pensionable remuneration from net remuneration of the Professional and higher categories of staff should not be made in the absence of a thorough testing of its results under different assumptions. Since the next comprehensive review of pensionable remuneration of staff in the Professional and higher categories of staff was planned for 1996, a radical departure from the current methodology would not be desirable at the present time. After considering the advantages and disadvantages of the band approach set out in the report of the 1992 working group, the informal working group concluded that the band approach should not be pursued further at the present time.

37. In 1992, the Commission had also considered the use of local taxes to determine pensionable remuneration from net remuneration for the General Service staff on the basis of the work of its 1992 working group. In its review of the same issue, the informal working group noted that the use of local taxes could result in significant increases in the levels of pensionable remuneration for General Service staff at some locations and in reductions at others. That could lead to a disruption of the system and create major difficulties for the organizations in terms of staff-management relations. Again, after reviewing the advantages and disadvantages of that approach identified by the 1992 working group, the informal working group concluded that the use of local taxes should not be pursued further at the present stage.

38. On the basis of the work of its 1992 working group and the views of the informal working group thereon, the Commission concluded that neither the band approach nor the use of local taxes should be pursued further.

Issues relevant to the development of a common staff assessment scale

39. Accordingly, the Commission focused on the development of a common staff assessment scale. It recalled that its earlier request to the secretariat had

been for the development of a "common" staff assessment scale, i.e. a single set of staff assessment rates for use in arriving at pensionable remuneration from net remuneration for all categories of staff. It noted the work carried out by the secretariats of ICSC and UNJSPB and by the informal working group. Since 1977, staff assessment at dependency rates, i.e. those based on taxes applicable to an individual with one dependant, had been used for determining gross salaries and/or pensionable remuneration from the net salaries of staff in the Professional and higher categories. On the other hand, since the introduction of staff assessment as an element of pensionable remuneration in 1961, in view of the method by which family allowances had been established, staff assessment at single rates had been used to determine the gross salaries/pensionable remuneration of General Service staff. Consequently, if a single set of staff assessment rates were to be developed for use in determining the pensionable remuneration for all categories of staff, based on either single or dependency rates, a number of difficulties could arise.

40. Since the introduction of the dependency and single rates of salaries for the Professional staff in 1977, emphasis had always been placed on the salaries at the dependency rate. Under the application of the Noblemaire principle, comparisons of United Nations staff in grades P-1 to D-2 with their counterparts in the comparator civil service (the United States federal civil service) had been carried out on the basis of salaries at the dependency rates. The results of those comparisons (the margin) had played a critical role in monitoring Professional salary levels since 1985. Since 1977, Professional salaries at the single rate had been determined on the basis of the salaries at the dependency rate on a judgemental basis. It would therefore be inappropriate to determine Professional pensionable remuneration by applying staff assessment at the single rates to the current salaries at single rates, since the latter did not correspond closely to salaries at single rates based on taxes applicable to single taxpayers. If staff assessment at single rates were to be applied to single-rate salaries for the Professional staff, then the latter would have to be adjusted to reflect taxes at the single rates in the selected group of countries. Bearing in mind that it was salaries that drove pensionable remuneration and consequently pensions, and not the other way around, the Commission was of the view that a study pertaining to pensionable remuneration amounts should not be used as a basis for correcting anomalies, perceived or real, in the salary system. That point was particularly important since the current comprehensive review related to the pensionable remuneration and pensions of General Service staff. It should therefore not be used to address anomalies in the salary scale for Professional staff.

41. With regard to the General Service staff, the Commission noted that single-rate net salaries had been grossed up using staff assessment at single rates since the introduction of the system of staff assessment and the Tax Equalization Fund in 1948. At the present time, net salaries of General Service staff at all duty stations were determined on the basis of the application of taxes at the single rates. In countries where there was a tax abatement and/or a social benefit for a dependent spouse, a separate spouse allowance, established as a flat amount, was paid to eligible General Service staff. In many countries, no spouse allowance was payable. Therefore, if a staff assessment at dependency rates were to be applied to determine gross salaries from the net salaries of all categories, it would lead to distortions in the results for General Service staff. While the amount of the spouse allowance, where applicable, could be added to net salaries before determining gross salaries by the application of dependency rate staff assessment, thereby eliminating a part of the distortion, anomalies would continue to exist. On the other hand, at duty stations where no spouse allowance was payable, the application of staff assessment at the dependency rates could not be considered justifiable.

42. The Commission therefore agreed that the application of a single set of staff assessment rates (single or dependent) would, under existing circumstances, lead to anomalies and distortions for either Professional staff or General Service staff, or both. It recalled, in that context, the General Assembly's view as expressed in section III of its resolution 47/203 that the Commission and the Board should eliminate current anomalies in the system without creating new ones.

43. The Commission thus concluded that instead of striving for a single set of staff assessment rates applicable to all categories, efforts should be focused on developing a single scale, but with two separate sets of rates (dependency and single), as was done in most tax systems. As long as the two sets of staff assessment rates were determined from the tax rates of the same group of countries using a common approach, the part of the income inversion problem attributable to the differences in the tax element would be significantly reduced. The Commission therefore concluded that two separate sets of staff assessment rates, reflecting taxes at the dependency and single rates respectively, should be developed.

Procedure for developing a common staff assessment scale

44. The Commission then addressed the procedure to be used in arriving at the staff assessment rates. In that context, it noted that the informal working group had considered the following issues:

(a) Countries whose tax rates would be used

- (i) The informal working group had recalled that when staff assessment had been introduced in 1948, the tax rates of a selected group of countries had been taken into account. In 1965, the tax rates of seven headquarters countries had been used as the basis for determining staff assessment rates. That practice had been continued until 1980 on the occasion of revisions of staff assessment rates. The staff assessment rates for the Professional and higher categories continued to be based on the taxes of the seven headquarters countries. In 1980, for staff in the General Service and related categories the Commission had recommended a separate scale of staff assessment using single rates, based on tax rates in the seven headquarters countries and in 10 countries in which the organizations had regional offices. The General Service staff assessment scales introduced in 1987 and 1992, on the recommendations of the Commission, were based on the tax rates in 21 and 25 countries, respectively.
- (ii) The informal working group noted that while taxes of some of the non-headquarters countries with large concentrations of General Service staff could be considered relevant in developing the staff assessment rates for General Service staff, their use for Professional staff had very little relevance, if any. Furthermore, while the taxes of a small number of regional office countries, each having at least 3 per cent of the total General Service population (Addis Ababa, Santiago, etc.) could be used along with the taxes of the seven headquarters locations to develop the staff assessment scale, the inclusion of such taxes would complicate matters without significantly affecting the final results. The informal working group was, therefore, of the view that only the tax rates of the seven headquarters countries should be taken into account, with extrapolations to cover lower income levels.

(b) Calculation procedure

- (i) Taxes at the dependency and single rates at each of the seven headquarters locations would be calculated using the available data on the usage of itemized and standard deductions. Tax calculations would be based on gross income levels, starting with \$2,000 and progressing in increments of \$2,000 up to a maximum income level relevant for General Service and Professional staff. On that basis, relationships of gross to net incomes would be established at the indicated income levels.
- (ii) For calculating gross-to-net relationships for countries other than the United States, the above-mentioned gross income levels would be converted to their local currency equivalents using exchange rates averaged over a 36-month period. In that regard, the informal working group considered other possibilities, for example, a 12-month or 60-month period, and concluded that the differences in the final results were not significant. Following the determination of taxes in local currencies, the resulting net would be converted back into United States dollars using the same 36-month average exchange rate.
- (iii) In the context of establishing gross-to-net relationships, the informal working group also considered the issue of whether the starting-point should be gross or net income levels. It pointed out that, with the exception of countries with very high taxes, there would be little difference according to whether the starting-point was gross or net income levels. For the seven headquarters countries, the choice had no significant impact on the final results. Therefore, the group agreed on the use of the gross salaries as the starting-point.
- (iv) Once gross-to-net relationships were established in United States dollar terms for the seven headquarters locations, averages weighted by the numbers of single staff members for the single rates and staff members with dependants for the dependency rate would be calculated. In the weighing procedure, income levels would also be taken into account.
- (v) On the basis of the weighted average gross-to-net relationships in item (iv) above, a scale of staff assessment rates would be obtained by fitting an appropriate curve. It was recalled that at the time of the revision to the staff assessment scale for pensionable remuneration purposes for Professional staff, a logarithmic curve had been found to be most suitable. At the time of the last review of the staff assessment rates for General Service staff, a linear curve had been fitted. It was important to ensure that to the extent possible the same curve should be used in the case of both the dependency and the single rates.
- (vi) At the present time, the lowest bracket for the Professional staff covered incomes up to \$15,000, while for the General Service staff the lowest bracket covered incomes up to \$2,000. In a common scale of staff assessment with two separate sets of rates, one for staff with a primary dependant and the other for those without, the same income brackets would be used. The lowest bracket would be determined on the basis of General Service income levels at some of the field duty stations.

Determination of a common staff assessment scale

45. The Commission concurred with the views of the informal working group concerning various aspects of the calculation procedure for developing a common staff assessment scale and agreed that the procedure was sound and should be used to arrive at the scale. It recalled its earlier finding that "three factors, namely the different rates of staff assessment, the existence of two significantly different methodologies and the different interim adjustment procedures for the two categories of staff had contributed, in that order, to the income inversion phenomenon. Consequently, if the income inversion problem were to be addressed, attention would have to be focused on those three elements". 5/ It noted that the income inversion attributable to the different rates of staff assessment had occurred as a result of the decisions taken by the General Assembly on the recommendation of the Commission in 1977 concerning the use of separate scales of staff assessment for Professional and General Service staff. On the other hand, the income inversion attributable to the other two factors resulted from the decisions taken by the General Assembly in 1987 to use the income replacement approach and the related interim adjustment procedure for determining the pensionable remuneration of staff in the Professional and higher categories and adjusting it between comprehensive reviews. Therefore, the income inversion anomaly had not arisen suddenly in recent months or years, but rather over a long period of time. Under the circumstances, it would not seem desirable to attempt to correct the problem abruptly. The Commission considered it advisable to rectify the anomalous situation over a reasonable period of time, using a phased approach.

46. The introduction of the income replacement approach for General Service staff, with the use of 56.25 per cent of the net remuneration as the basis for determining the staff assessment rates in deriving their pensionable remuneration, would reduce the income inversion anomaly to some extent. The use of the 1-to-1 interim adjustment procedure would avoid further widening of income inversion. The Commission therefore considered that a common staff assessment scale with two sets of staff assessment rates should be recommended to the General Assembly for implementation in respect of all categories of staff, but only in 1997, following the comprehensive review of the pensionable remuneration of staff in the Professional and higher categories which was scheduled to take place in 1996.

47. If that approach was pursued, it could be argued that there was no reason to construct the common staff assessment scale at present, because it would have to be updated before implementation in 1997, based on the taxes applicable at that time. It was considered, however, that for illustrative purposes, a scale of staff assessment with separate rates for dependency and single rate salaries should be developed in accordance with the procedure outlined above and used to derive the consequent universal pensionable remuneration scale for Professional staff and the pensionable remuneration levels for General Service staff at selected duty stations. On that premise, a common staff assessment scale was developed on the basis of taxes currently applicable at the seven headquarters locations. The Commission noted that some members of the informal working group had raised questions about the tax data for specific duty stations, e.g. Geneva. It considered, however, that those specific problems raised should be taken into account at the time of developing the scale that would be recommended to the General Assembly in the future (see para. 51 below). The indicative common staff assessment scale is provided in annex II to the present report.

Impact of the indicative common staff assessment scale on the levels of pensionable remuneration for Professional and General Service staff

48. The dependency staff assessment rates in the indicative common scale in annex II to the present report were used for the Professional staff in conjunction with currently applicable net remuneration amounts and the income replacement approach approved by the General Assembly. The results were compared with the currently applicable amounts of pensionable remuneration for staff in grades P-1 to D-2. The details of the current pensionable remuneration amounts, those obtained using the indicative staff assessment scale and the results of the comparison, are shown in annex III to the present report. The scale resulting from the application of the indicative staff assessment rates produced higher pensionable remuneration amounts at some grades than those in the current scale, and lower amounts at others. The Commission also considered Professional pensionable remuneration amounts calculated using the current staff assessment scale for pensionable remuneration purposes approved by the General Assembly in 1990 and compared them with the currently applicable pensionable remuneration amounts. It noted differences, both positive and negative, between the two sets of amounts at all grades and steps. In that context, it was recalled that the "machine scale" resulting from the application of the income replacement methodology and the scale of staff assessment for Professional staff in effect as at 1 April 1987 had been modified to achieve certain desired results in terms of income replacement ratios before its approval by the General Assembly. That 1987 staff assessment scale continued to be the basis of the current pensionable remuneration amounts, except for those at the additional steps introduced for grades P-2 to D-2 in 1990.

49. The indicative staff assessment rates for single staff under the common scale shown in annex II were used in conjunction with the income replacement approach agreed upon by the Commission in 1992 in the case of General Service staff in New York. The current levels of net and gross salaries applicable in New York are shown in table A of annex IV to the present report. In the same annex, the results obtained from the application of the income replacement approach and the indicative staff assessment rates are shown in table C. In table B, the pensionable remuneration amounts resulting from the application of the income replacement approach and the current staff assessment rates to current net salaries in New York are shown. The results of the comparison of the amounts in tables B and C are shown in table D of annex IV. From those results, the impact of the application of the indicative common staff assessment scale on the levels of pensionable remuneration of General Service staff in New York may be assessed. An examination of the results in table D of annex IV indicates that the introduction of a common staff assessment scale, based on current tax rates, would result in reducing the income inversion problem by approximately 4 per cent on an average basis.

Introduction of the common staff assessment scale

50. If the income replacement approach were applied on the occasion of the first adjustment to General Service salaries falling due after the date of implementation approved by the General Assembly, the income inversion attributable to differences in the methodologies for the two categories of staff would be reduced by approximately 2.5 per cent for high-dollar salary duty stations such as New York, Geneva, etc. As has been stated earlier, the introduction of the revised (1-to-1) interim adjustment procedure would ensure that no further divergence occurred between the pensionable remuneration levels of the two categories. Coupled with the two actions, if a common staff assessment scale similar to the indicative scale shown in annex II were introduced in 1997, that would lead to a further reduction in the income inversion problem by some 4 per cent in the high-dollar salary duty stations

mentioned above. A similar impact on the scales of pensionable remuneration at other duty stations could be expected.

51. The Commission was of the view that the procedure outlined in paragraph 44 above should be used in 1996 in conjunction with the taxes applicable at that time to develop a common staff assessment scale for recommendation to the General Assembly; that scale would be used to determine the pensionable remuneration for all categories of staff from 1997 onwards. In that regard, it was important to bear in mind that there was a possibility that taxes in some of the headquarters countries, upon further review, could change during the next three years. As a result, it was most likely that the rates under the common staff assessment scale to be recommended to the General Assembly in 1996 would differ from those shown in annex II. The differences in the then existing scale of pensionable remuneration for General Service staff in New York and those resulting from the application of the 1997 common staff assessment scale might be lower than those shown in table D of annex IV. The Commission emphasized that it was not recommending the adoption of a common staff assessment scale at the present time but rather the approval of the methodology for the development of that scale. The actual scale would be recommended to the General Assembly in 1996.

Conclusions of the Commission

52. At its session in March 1993, the Commission decided, subject to consideration at its session in July-August 1993 of the views of UNJSPB.

(a) To reaffirm its earlier position that the income replacement approach using 56.25 per cent of the net pensionable salary should be used to determine the pensionable remuneration for General Service staff. The revised procedure should be implemented on the occasion of the first adjustment of the salary scale on or after 1 April 1994, subject to the transitional measures applied on the occasion of the introduction of the 1992 staff assessment scale; 6/

(b) That thereafter subsequent adjustments of pensionable remuneration, until the introduction of the common staff assessment scale, should be made on the basis of a 1-to-1 interim adjustment procedure; 7/

(c) That the procedure outlined under paragraph 44 should be used to determine a common staff assessment scale, with two separate sets of rates (single and dependency) as part of the comprehensive review in 1996 of the methodology to determine the pensionable remuneration and consequent pensions of staff in the Professional and higher categories; and that the common staff assessment scale should be introduced in 1997 to determine the pensionable remuneration of the two categories of staff;

(d) That the Commission would recommend in 1996 the modalities for the implementation of the common staff assessment scale, including appropriate transitional measures, if needed;

(e) That, following the introduction of the common staff assessment scale in 1997, the income replacement approach would be used to determine General Service pensionable remuneration on the occasion of comprehensive salary surveys with subsequent adjustment of pensionable remuneration between comprehensive surveys made on the basis of the 1-to-1 interim adjustment procedure.

53. The Commission agreed to provide the above information to the Pension Board, which was to meet in June 1993. After considering the views of the Pension Board, it would formulate, at its session in July-August, recommendations to the General Assembly on all aspects of the methodology to

determine the pensionable remuneration and consequent pensions of staff of the General Service and related categories, including the effective date of implementation and transitional measures to protect acquired rights.

(b) Session of the Commission in July-August 1993

54. UNJSPB held its forty-fifth session (special) in New York from 24 to 30 June 1993. The sessional report relating to its consideration of the General Service pensionable remuneration issue was provided to the Commission.

Views of the United Nations Joint Staff Pension Board

55. The Chairman of the UNJSPB informed the Commission that the Board had reviewed all the issues related to the methodology to determine General Service pensionable remuneration, in the light of developments which had taken place since the session of the Board held in June 1992, namely: (a) the conclusions reached by the Commission at its session in July 1992; (b) the observations and requests made by the General Assembly in section III of its resolution 47/203, after it had considered the respective annual reports of the Board and the Commission; and (c) the conclusions reached by the Commission at its session in March 1993. In assessing the views and conclusions of the Board, the Commission should bear in mind the Board's tripartite structure, composition and decision-making process. In line with the practice followed in the General Assembly and other governing bodies of organizations in the common system, the Board took decisions on its recommendations to the General Assembly on the basis of consensus. In 1992, for the first time since 1986, the Board was unable to reach a consensus on the General Service pensionable remuneration methodology.

56. At its session in 1993, the Board had re-examined the issues within the framework of certain realities as regards both substance and timing which had emerged as result of General Assembly resolution 47/203 and the conclusions reached by the Commission in March 1993. In particular, the Board noted the intention of the Commission, after considering the views of the Board, to formulate, at its session in July-August 1993, final recommendations to the General Assembly, on all aspects of the methodology and its implementation for submission.

57. The Chairman of the Board drew the Commission's attention to the positions taken by the three constituent groups at the outset of the Board's special session, which reflected little or no change from those contained in the Board's report to the General Assembly in 1992. A small contact group consisting of three members from each of the three constituent groups, had been established to attempt to achieve a consensus on the issues taken collectively, rather than individually. On the basis of the results of those negotiations, the Board had adopted its position on the methodology for determining General Service pensionable remuneration and the various aspects thereof. The statement of the position adopted by the Board is set out in paragraph 64 of the annual report of the Board to the General Assembly. 8/

58. The Chairman of the Board noted that the Board's position included an endorsement of the Commission's conclusion that an income replacement approach should be used to determine General Service pensionable remuneration, which the Board believed should also involve the following:

(a) A recommendation that the Commission "reconsider the factor to be used for grossing-up purposes and its relationship to the number of years of contributory service", taking into account the views expressed by the Board in 1992 and 1993, and the mandate under section III of General Assembly resolution 47/203, including paragraph 4 thereof; (At its session in March 1993, the

Commission had reaffirmed its earlier position that 56.25 per cent of net pensionable salary should be used as the basis for determining the staff assessment rate to be applied in determining gross pensionable salary.)

(b) A request that the introduction of the 1-to-1 interim adjustment procedure be linked with more frequent revisions of the staff assessment scale, following the introduction of the common staff assessment scale for application to all categories of staff in 1997 with which the Board agreed; the Board suggested a two-year review cycle;

(c) A recommendation that the Commission should review, at its session in July-August 1993, the current methodology for use of the non-pensionable component in determining pensionable remuneration, taking into account the income replacement approach and the other considerations set out in the Board's report.

59. The Board agreed with the Commission that the income replacement approach should be introduced on the occasion of the first salary adjustment made on or after 1 April 1994. It recommended that the modalities for the treatment of the non-pensionable components should be introduced as of the same date. Finally, the Board requested the Commission to give favourable consideration to modifying the transitional measures to provide for phasing in the effects of the grossing-up factor over two or three successive salary adjustments.

60. After the session of the Board, several interpretations had been advanced concerning the Board's recommendation that the Commission "reconsider the grossing-up factor". The Chairman indicated that what was clear was the importance of the grossing-up factor in obtaining endorsement of the income replacement methodology and a broadly acceptable conclusion to the highly complex and sensitive review of General Service pensionable remuneration which had begun three years earlier.

Views of the organizations

61. The Chairman of CCAQ informed the Commission that the organizations supported (a) the use of the income replacement approach to determine General Service pensionable remuneration; (b) that interim adjustments should be made on a 1-to-1 basis; (c) the introduction of a common staff assessment scale for application to both categories of staff in 1997; and (d) the introduction of the income replacement approach on the occasion of the first adjustment to the General Service salary scale on or after 1 April 1994. He recalled that the organizations had consistently supported the use of 66.25 per cent of net pensionable salary as a grossing-up factor on the basis that that corresponded to a maximum benefit accumulated after 35 years of service. The organizations reiterated their support for that grossing-up factor.

62. The organizations also supported more frequent revisions of the staff assessment scale and would therefore associate themselves with the Pension Board's proposal along those lines. As to the transitional measures, the organizations questioned the necessity of phasing in any negative of the grossing-up factor over two or three successive salary adjustments. They nevertheless wished to avoid any cumulative deep freeze arising from a combination of effects. The organizations would be happy to work with the Commission in order to develop appropriate transitional measures to deal with situations at duty stations where the freeze of pensionable remuneration could be anticipated to last for several years.

63. Turning to the issue of the non-pensionable component, he recalled that that issue had to be considered both in the context of local practice reflected

in salary surveys and from the point of view of a global pension system that was non-local. Neither approach could be fully achieved and what was needed was a methodology that struck a balance between the two. The organizations therefore recommended that the Commission keep the current methodology, including the current threshold, but that the current ceiling be reduced from 25 to 10 per cent of the pensionable salary. That would not only simplify the system but also provide the necessary balance required.

64. In the course of the discussion, the Chairman of CCAQ confirmed the position of CCAW, noting that the impact of moving to a grossing-up factor of 66.25 per cent and the financial implications of that proposal also had to be seen within the broader personnel management context. The financial implications were limited but even those had to be seen within the framework of the savings which had already accrued from the adoption of the 1992 staff assessment scale and which amounted to some \$11 million while reducing income inversion by some 7 to 8 per cent. Moreover, the decisions that the Commission had already taken in respect of the General Service salary survey methodology could have a further cumulative impact on the level of General Service pensionable remuneration over time.

65. It was also important to maintain close relations between the Commission and the Pension Board, not only to conform to the General Assembly's request for close collaboration but also to ensure the effectiveness of their future work in that and other areas. The current state of staff-management relations within the organizations and the participation of staff in the deliberations of ICSC could not be ignored in reaching conclusions on that matter.

Views of the staff representatives

66. The President of CCISUA stated that the views of CCISUA were similar to those of the Staff Pension Committees of UNESCO and FAO, as outlined in paragraph 36 of the report of the Pension Board. ^{8/} However, bearing in mind the developments since 1992, it was clear that the existing system could not survive unchanged. The participants' representatives on the Pension Board had accepted the principle of income replacement as the basis of a new system. That had enabled the Board to reach a consensus on a number of recommendations that were before the Commission. He noted that the Commission was being asked to reconsider the grossing-up percentage. In the view of CCISUA, there were several reasons why a percentage higher than 56.25 was justified. He recalled that the Commission had already agreed that a common staff assessment scale would be developed in 1996 for application in 1997. He supported the view of the Pension Board that the introduction of a 1-to-1 adjustment should be accompanied by biennial revisions of the staff assessment scale. The introduction of the income replacement principle should entail the elimination of the non-pensionable component: for Professional staff, all elements of pay at the base of the system were reflected in pensionable remuneration, and there was no reason why the same approach could not be followed for the General Service staff. CCISUA agreed with the views of CCAQ regarding savings resulting from the introduction of the 1992 staff assessment scale as outlined in paragraph 64 above. The Commission was dealing with a highly symbolic situation. If the Commission was unable to go even as far as the Pension Board, on which Member States themselves were represented, there was little reason for the staff to participate in the Commission.

Discussion by the Commission

67. At the outset, the Commission recalled that the Pension Board had not been able to reach specific conclusions on the methodology at its 1992 session when

it had had an opportunity to provide focused inputs to the Commission. As a result, the Commission had been confronted with the difficult task of reaching conclusions on its own. At its session in March 1993, the Commission had reiterated some of those conclusions, which had been endorsed by the General Assembly in resolution 47/203, and addressed the outstanding issue of the tax element. At its special session in June 1993, the Pension Board had had before it the full details of the results of the Commission's sessions in 1992 and 1993. The Commission would, therefore, have preferred it if the Board had made specific proposals on the grossing-up factor rather than merely requesting the Commission to reconsider it. The Commission expressed disappointment that the Board had not provided a rationale for reconsidering the grossing-up factor. The Commission looked forward to receiving timely and substantive inputs from the Pension Board in the future so that the two bodies could work in full cooperation on all aspects of their joint endeavours. Members were also of the view that a change in the conclusion that the Commission had reached on two earlier occasions, without sound justification for such a change, could be damaging to the credibility of the review process.

68. The Commission reviewed the statistics pertaining to years of contributory service for General Service staff retiring during the period 1988 to 1992. It noted that 87 per cent of the General Service staff had less than 30 years of service and 13 per cent 30 or more years of service. Consequently, if 56.25 per cent, corresponding to 30 years of contributory service, were used as the grossing-up factor, the years of service and pensionable remuneration of 87 per cent of those prospective General Service retirees would be overstated and for 13 per cent of the staff those two elements would be understated. If the 66.25 per cent factor, corresponding to 35 years of service were used, the years of service and pensionable remuneration would be overstated for 98.1 per cent of the prospective retirees and understated for 1.9 per cent for that category. By comparison, the 46.25 per cent factor, corresponding to 25 years of contributory service, was used to determine the pensionable remuneration for the Professional and higher categories. As a result, the pensionable remuneration of 75 per cent of the prospective Professional retirees was overstated, while for 25 per cent it was understated. Considering only the years of contributory service, the 56.25 per cent grossing-up factor was clearly more favourable for General Service staff than the 46.25 per cent factor used for the Professional category. However, it was also noted that the impact of the grossing-up factor varied according to the amount of the salaries and that the ratio between the highest and the lowest level of Professional pensionable remuneration was 4:1, while for General Service it was almost 130:1, with the pensionable remuneration amounts for the General Service staff ranging in exceptional cases from as low as \$1,000 to as high as \$130,000. Furthermore, some 50 per cent of General Service staff had pensionable remuneration levels below \$24,000. On the other hand, the lowest Professional pensionable remuneration was \$38,000.

69. Most members of the Commission were of the view that there were valid reasons for believing that the grossing-up factor could be 66.25 per cent of net pensionable salary corresponding to the maximum years of contributory service (35 years). They noted that those members who believed that a 56.25 per cent factor should be used based their position on statistics relating to the actual years of contributory service of General Service staff upon retirement, as cited above. It was not incompatible with that view to conclude that the 66.25 per cent factor could be justified by other considerations, such as basing the tax element on the maximum number of years of creditable contributory service, taking into account the levels of pensionable remuneration and pensions of the large majority of the General Service staff. As the current review dealt not only with pensionable remuneration but also with the consequent pensions, data on the actual levels of pensionable remuneration and consequent pensions

were relevant and could not be ignored. A number of members recalled that although they had expressed views at earlier sessions in favour of a 66.25 per cent factor, they had, in a spirit of consensus, gone along with the majority view which had favoured 56.25 per cent of net pensionable salary being recommended to the General Assembly for use in conjunction with the income replacement approach for determining the pensionable remuneration of the General Service staff. That factor should be reviewed in the context of the next comprehensive review of General Service pensionable remuneration.

70. Others recalled that in 1992 the Commission had spent considerable time in arriving at the conclusion that 56.25 per cent of the net pensionable salary should be used for determining the pensionable remuneration of the General Service staff. A rationale for that conclusion had also been articulated by the Commission on the basis of statistics showing the number of years of contributory service for that category of staff. It was also recalled that the Assembly had endorsed the Commission's conclusions regarding the grossing-up factor. Changing those conclusions now would call into question the credibility of the Commission. Furthermore, it would also introduce an anomaly because the corresponding factor for the Professional staff would be understated relative to that of the General Service staff. Finally, they pointed out that the goal was to reduce the problem of income inversion and the use of the 66.25 per cent grossing-up factor would contribute to the problem rather than reducing it. Those members were of the view that the Commission should maintain its earlier decision regarding the 56.25 per cent grossing-up factor and inform the General Assembly that the Pension Board wished that the factor be reconsidered.

Interim adjustment between comprehensive reviews

71. The Commission also considered the Board's recommendation to link the introduction of the 1-to-1 interim adjustment procedure to more frequent revisions of the staff assessment scale, e.g. a two-year review cycle. The Commission recalled that it had already agreed in principle to more frequent reviews of staff assessment; however, that review cycle could not be introduced until 1997. Definitive recommendations on that aspect should be submitted to the General Assembly in 1996 along with the common staff assessment scale.

Non-pensionable component

72. The Commission also reviewed the question of the non-pensionable component of salary as requested by the Board. It was, however, of the view that any further changes in the system used for determining the non-pensionable component or for setting the threshold and ceiling for that component, would require further studies based on the actual data collected from field duty stations. The Commission therefore agreed to revert to that issue in 1996.

73. Pending further review of the issue of the non-pensionable component, the Commission decided to maintain the current provisions. All net remuneration amounts, without adjustment for any non-pensionable component, should be shown in the salary scale separately. Gross salaries should be calculated using those total net remuneration amounts. Overtime pay and the children's allowance would also be based on the same total net remuneration amounts. The non-pensionable component would be shown separately by grade and step. Hence, all net remuneration adjusted by the non-pensionable component at each grade and step would be taken into account in arriving at the pensionable remuneration. Under that approach, all salary scales would contain a minimum of three lines showing gross salary, gross pensionable salary and net salary amounts. At duty stations having a non-pensionable component, an additional line showing the amounts of that component by grade and step would also appear. A sample salary scale for a

duty station with a non-pensionable component is shown in annex V to the present document.

Transitional measures

74. As to the Board's request that the Commission give favourable consideration to phasing in any negative effect of the income replacement grossing-up factor, over two or three salary adjustments, the Commission decided to maintain its earlier position. Its recommendation as regards transitional measures to be used in conjunction with the introduction of the income replacement approach is contained in paragraph 85 (a) below. Transitional measures to be used in conjunction with the common staff assessment scale would be formulated for recommendation to the General Assembly in 1996 when the Commission developed the common staff assessment scale.

Impact of the changes proposed on the income inversion

75. The Commission considered the impact of the various changes it was proposing to the General Assembly. In that regard, it examined the data shown in annex VI to the present document. A step-by-step explanation of the data in annex VI is also provided therein. As an example, it may be noted that at \$40,000 net salary level, the pensionable remuneration under the Professional methodology would be \$43,514, and for the same net income under the currently applicable procedure and the staff assessment scale in effect through 31 December 1991, the pensionable remuneration of General Service staff would have been \$55,750, or 28.12 per cent higher than the Professional pensionable remuneration. With the introduction of the revised staff assessment rates for the General Service staff in 1992, the pensionable remuneration corresponding to a net remuneration of \$40,000 would have been \$52,781, thus reducing the income inversion to 21.30 per cent. With the introduction of the income replacement approach using 66.25 per cent of the net remuneration for the General Service staff in 1994, the pensionable remuneration corresponding to a net income of \$40,000 would be \$51,912. Consequently, income inversion would be reduced further to 19.30 per cent. With the introduction of the common staff assessment scale in 1997, the pensionable remuneration of a Professional staff member having a net salary of \$40,000 would be \$45,933. On the other hand, the pensionable remuneration of a General Service staff member having the same net income based on the common staff assessment scale and the income replacement approach would be \$49,653. As a result, the income inversion problem would be reduced from 28.12 per cent under the 1991 arrangements to 8.10 per cent. That remaining difference was attributable to the following:

(a) 46.25 per cent of the net remuneration of Professional staff was used to determine the pensionable remuneration from net remuneration, whereas for General Service staff 66.25 per cent of the net remuneration would be used;

(b) Net salaries of Professional staff included the spouse allowance, which is not a part of the net remuneration of General Service staff. Therefore, some differences in the levels of pensionable remuneration would remain because the spouse allowance for the General Service staff was established as a flat amount representing a higher percentage of net salary at G-1, step 1, than that at the highest step of the G-7 grade. Those differences did not correspond to the differences between the dependency and the single rates of staff assessment under the common scale.

76. In summary, the phased approach outlined under paragraph 46 above would reduce the income inversion problem significantly over the next four to five years without adversely affecting the levels of pensionable remuneration. An illustration of the future impact of the changes to be introduced in a phased

manner, based on certain assumptions, is provided in annex VII to the present document. The assumptions made are also outlined in that annex.

Financial aspects of the changes proposed

77. The Commission noted that the use of a part of the net pensionable salary would result in reductions in the levels of pensionable remuneration by comparison with those calculated using 100 per cent of the net pensionable salary. Using the 56.25 per cent grossing-up factor would result in reducing the levels of pensionable remuneration of the General Service staff around the world by between 1.8 and 2.6 per cent; with the use of the 66.25 per cent factor, the corresponding reduction would be between 1.2 and 1.9 per cent.

78. The Commission further noted that the total member organizations' contribution to the Pension Fund in respect of the General Service staff was approximately \$212 million as of 31 December 1992. On the basis of a projection of that figure to the end of 1994, the use of the 66.25 per cent factor would result in reducing costs to the Member States by \$3.74 million per year. If the 56.25 per cent factor were to be used, the cost reduction for the Member States would be \$5.30 million. Consequently, the revised proposal to use the 66.25 per cent factor for grossing-up purposes would lower the cost reductions for Member States by about \$1.56 million.

79. As regards the phased implementation arrangements and the associated financial implications, a number of interlinked assumptions would have to be made concerning levels of net remuneration and the organizations' contributions to the Pension Fund through 1997. Those projections would require inflation assumptions that would be very sensitive and might not be realized for the specific years. Nevertheless, it was considered that the cost reduction estimate of \$3.74 million for 1994 associated with the introduction of the income replacement approach in 1994 using 66.25 per cent of the remuneration was reliable. Cost reductions of similar magnitude would be realized in subsequent years. In addition, it was estimated that the 1-to-1 interim adjustment procedure would yield cost reductions of approximately \$230,000 for the first year, which would have a cumulative effect. The introduction of the revised General Service staff assessment scale in 1992 would eventually yield cost reductions of approximately \$11 million per annum.

80. Given the difficulties associated with projecting inflation rates, exchange rates and tax levels through 1997, it would be impossible to provide reliable financial implications with regard to the implementation of a common staff assessment scale in 1997. Those financial implications would be easier to estimate in 1996 and could therefore be made on the basis of the latest available information when the Commission was in a position to make specific proposals to the General Assembly for a common scale of staff assessment. It might, however, be assumed that the net effect of applying a common staff assessment scale in 1997 would not result in additional costs to organizations and would in fact achieve overall cost reductions.

81. A few members of the Commission noted that the roots of the income inversion phenomena could be traced to actions taken in the late 1970s. The problem had been exacerbated in the mid-1980s and had reached its peak in the late 1980s. The main reason for the divergences in the levels of pensionable remuneration of the two categories was that at certain income levels the rates of staff assessment for the General Service staff had been higher than those applicable for Professional staff earning the same net salaries. As a result, the pensionable remuneration, and consequently pensions, of the General Service staff had been higher than those of their Professional colleagues earning the same net salaries. On the other hand, that had required higher contributions

from both General Service participants and Member States. As a result, Member States had incurred significant additional expenditures which could have been avoided had the anomalous situation not arisen or been corrected earlier. They estimated that if the procedures for determining the pensionable remuneration of the Professional and the General Service staff had been aligned in 1986 when the problem was first noticed, the Member States would have paid approximately \$150 million less in terms of contributions to the Pension Fund over the period 1986-1990. Furthermore, because the system, including the common staff assessment scale, would not be fully implemented until 1997, Member States would be paying a further \$100 million more than necessary. They were of the view that a similar situation should not be allowed to arise in the future or, if an anomaly was noticed, it should be corrected as soon as possible.

82. Some members of the Commission were of the view that it was inappropriate to estimate costs to Member States on the basis of hypotheses about what would have happened had certain actions been taken in the past. They pointed out that such an approach had not been used in other contexts. One member of the Commission was of the view that the income inversion anomaly could have been eliminated either by reducing the General Service pensionable remuneration or by increasing it for the Professional staff, or through a combination of the two. The cost considerations outlined above related only to an approach resulting in reducing the pensionable remuneration for the General Service staff. There would have been significant financial implications had the income inversion anomaly been eliminated by increasing the Professional pensionable remuneration.

Changes in the staff regulations of the organizations and in the regulations of UNJSPF

83. The Commission noted that in its resolution 47/203, the General Assembly had requested ICSC to recommend consequential amendments to the staff regulations of the member organizations and the Board to consider amendments to the Regulations of UNJSPF, which might be required in order to implement the revised methodology, in their respective reports to the General Assembly at its forty-eighth session. The Commission brought to the attention of the organizations the relevant information regarding the changes to the methodology for determining the pensionable remuneration for the General Service staff and their relationship to the staff regulations of the organizations. It also brought the relevant information to the attention of the UNJSPB. As the Assembly will note, the Pension Board has proposed changes in the Regulations of the Fund which would be required if the methodology recommended by the Commission were approved by the General Assembly for implementation.

84. As regards changes to the staff regulations, it would be noted that, under the revised procedure gross salary and gross pensionable salary would not have the same meaning, the concept of gross pensionable salary being introduced for the first time. The Commission was informed that, in view of that, the possibility of an amendment to the staff regulations of the organizations whereby a differentiation would be made between gross salary and gross pensionable salary had been considered at the meeting of UNJSPB. In that context, a prototype text was considered, the organizations were, however, of the view that the issue of a change in the staff regulations and actual texts to be incorporated should be left for individual organizations to consider.

Decisions of the Commission

85. Bearing in mind the above considerations, the Commission decided to recommend to the General Assembly that:

(a) The income replacement approach using 66.25 per cent of the net pensionable salary should be used to determine the pensionable remuneration for General Service staff. The revised procedure should be implemented on the occasion of the first adjustment of the salary scale on or after 1 April 1994, subject to the transitional measures applied on the occasion of the introduction of the 1992 staff assessment scale; 9/

(b) Subsequent adjustments of pensionable remuneration, until the introduction of the common staff assessment scale, should be made on the basis of a 1-to-1 interim adjustment procedure; 10/

(c) As part of the comprehensive review in 1996 of the methodology to determine the pensionable remuneration and consequent pensions of staff in the Professional and higher categories, the procedure outlined under paragraph 44 above should be used to determine a common staff assessment scale, with two separate sets of rates (single and dependent). The common staff assessment scale should be introduced in 1997 to determine the pensionable remuneration of the two categories of staff; the Commission would recommend in 1996 the modalities for the implementation of the common staff assessment scale, including appropriate transitional measures, if needed;

(d) Following the introduction of the common staff assessment scale in 1997, the income replacement approach should be used to determine General Service pensionable remuneration on the occasion of comprehensive salary surveys, with subsequent adjustment of pensionable remuneration between comprehensive surveys made on the basis of the 1-to-1 interim adjustment procedure.

CHAPTER IV

CONDITIONS OF SERVICE OF THE PROFESSIONAL AND HIGHER CATEGORIES

A. Specific issues regarding the application of the Noblemaire principle

86. The Commission noted that the General Assembly had made several separate but related requests, at its forty-sixth session in 1991 and forty-seventh session in 1992, for reports in 1994 on a number of long-term matters concerning the basis for determining the remuneration for the Professional and higher categories. Those requests concerned:

(a) The operation of the Federal Employees Pay Comparability Act of 1990 (FEPCA) (resolution 46/191 of 20 December 1991, sect. IV);

(b) Margin management over a five-year period (resolution 46/191, sect. IV);

(c) Conducting periodic checks to determine the highest-paid civil service (resolution 46/191, sect. VI);

(d) United States special pay systems (resolution 46/191, sect. VI);

(e) The application of the Noblemaire principle (resolution 47/216 of 23 December 1992, sect. II.C);

(f) The structure of the salary scale (resolution 47/216, sect. II.G).

87. Although the various requests by the General Assembly were generated separately, the subject-matter of each was so closely related that the Commission considered that it should approach the separate reviews in an integrated fashion at its sessions in 1994. The General Assembly would thus receive a report which was internally consistent between its separate elements. The Commission reviewed preliminary information on the status of studies currently under way for finalization in 1994. It noted that while all studies would be conducted concurrently as separate modules, all recommendations to the General Assembly concerning the studies would be consolidated at the summer session of the Commission in 1994. The Commission reviewed the following schedule for the completion of the separate studies:

(a) FEPCA implementation - spring 1994;

(b) Margin management (1995 onwards) - spring 1994;

(c) Special pay systems of the comparator civil service - spring 1994;

(d) Identification of the highest-paid civil service, phase I - spring 1994;

(e) Application of the Noblemaire principle: range of possible comparators, including grade equivalencies - spring 1994;

(f) Application of phase I of the highest-paid methodology to comparator international organizations, subject to (e) above - summer 1994;

(g) Structure of the salary scale: preliminary considerations, including margin of certain grades with current comparator - spring 1994;

(h) Structure of the salary scale in the light of recommendations on the comparator - summer 1994.

Views of the organizations

88. The Chairman of CCAQ indicated that CCAQ was in general agreement with the timetable for future work in a number of areas in which the General Assembly had asked for action by the Commission. CCAQ had been studying some of those issues in considerable depth. In particular, it had been looking at the application of the Noblemaire principle and at two specific aspects of the structure of the salary scale, namely the de-linking of the Director, or D, category from the salary scale of the Professional and higher levels and the possible introduction of a P-6 grade. CCAQ had concluded that those issues had to be seen in the broader context of the management efficiency of the organizations of the common system. CCAQ anticipated that it would bring its conclusions in respect of the introduction of a P-6 grade level to the Commission at its session in spring 1994 as part of the Commission's review of the structure of the scale. He asked that that element of the structure of the salary scale be considered at that time.

89. The General Assembly had asked for a report on phase I of the study of the highest-paid national civil service in 1994. He expressed concern, however, that the study should not be delayed unnecessarily. He therefore suggested that if there was sufficient evidence available at the Commission's spring session in 1994 to indicate that the current comparator was no longer the highest-paying national civil service, work on phase II of the study should begin before the end of 1994.

Views of the staff representatives

90. The President of CCISUA noted that there was currently a malaise among staff, largely attributable to the fact that they felt they were being remunerated below their value when compared with other international organizations and potential national comparators. While the current world economic climate might temporarily lessen the related problems of recruitment and retention of staff, staff motivation, and hence productivity, were affected.

91. With regard to the work programme on the item, he considered that:

(a) No one could be certain to what extent even a scaled-down FEPCA would be implemented as planned; therefore alternatives to the present comparator had to be explored actively;

(b) Work on the highest-paid national civil service should proceed as soon as possible so that phase II of the study would be completed by July 1994. The exercise should have the greatest degree of transparency; collected data should be made available to staff and organizations;

(c) Comparisons with other international organizations had been recognized as desirable during the comprehensive review. Given the work already done in that area, it was clear that comparable job functions could be measured readily.

92. With regard to the possibility of linking pay increases to efficiency and job productivity, he noted that the United Nations had experienced a 12 per cent reduction in staff, while the work programme had increased significantly. The staff were thus already entitled to compensation for shouldering an increased

workload. On the issue of financial implications, he noted that those should not constitute the main criterion for making recommendations. The Commission should not hesitate to submit recommendations that were technically sound simply for fear that the Assembly would reject them.

Discussion by the Commission

93. The Commission considered the proposed work programme on that item in the context of the various requests of the General Assembly. It noted that the study of the highest-paid national civil service had been planned for a number of years. It therefore considered that the study should now receive the highest priority. In that regard it noted that the Assembly had requested the completion of phase I of the study in 1994. It considered that if phase II of the study were to be completed thereafter, the complete study could not be presented to the Assembly until 1996 because of the biennialization of the work programme of the Assembly. The Commission expressed the view that should the work under phase I of the study make it appear likely that a national civil service was better paid than the current comparator, it might proceed to phase II and attempt to provide the Assembly with a report on both phases I and II in 1994.

94. The Commission concluded that information on FEPCA implementation, United States special pay rates and margin management would be required for its spring session in 1994 in order to enable it to address that item.

95. The Commission then reviewed the Assembly's request that ICSC study all aspects of the application of the Noblemaire principle with a view to ensuring the competitiveness of the United Nations common system. It agreed that implicit in the way the request was formulated was that the Noblemaire principle should continue to be the basis for determining the salaries and conditions of employment of the Professional and higher categories of staff. It was noted that under the current application of the Noblemaire principle, the remuneration of United Nations Professional and higher category staff was determined by reference to that of the highest-paid national civil service, currently the United States federal civil service. As to the scope of the study, views in the Commission differed.

96. Several members were of the view that if studies were limited to the current application of the Noblemaire principle, the Commission would be responding only partially to the Assembly's request. A number of developments had taken place since the enunciation of the Noblemaire principle in 1921 and its acceptance by the United Nations Preparatory Commission in 1945. In particular, a number of international organizations had been established outside the common system. The United Nations system competed, inter alia, with those organizations for staff of "the highest standards of efficiency, competence, and integrity" as stipulated in article 101 of the Charter of the United Nations; thus, a study of all aspects of the application of the Noblemaire principle would not be complete unless comparisons were also made with those organizations. Those members considered that comparisons should be extended to all entities, including other international organizations, which lent themselves to valid comparisons under the application of the Noblemaire principle. In that context, it was felt that comparisons with universities and the private sector should not be ruled out. They therefore agreed that the Commission secretariat should collect relevant information from other international organizations, namely the World Bank group, the European Community (EC), and the Organisation for Economic Cooperation and Development (OECD); that would enable the Commission to determine whether the duties and responsibilities of the staff of those organizations were similar to those of the staff in the common system. The Commission would then be in a position to determine whether those

organizations lent themselves to valid comparisons under the application of the Noblemaire principle. Similar information could be collected from universities and private sector organizations. A request for data from sources other than national civil services did not imply that a decision had been made to extend comparisons beyond the civil services: such a decision could be made only after all relevant information was on hand. However, if such information were not collected, that would amount to an a priori decision to restrict the application of the principle to the current framework.

97. Other members disagreed with the above approach. They were of the view that in the first instance the study pertaining to the identification of the highest-paid civil service should be completed. Only after the Commission had reached some conclusions regarding the highest-paid civil service should a decision be made as to whether comparisons should be extended beyond the current application of the Noblemaire principle. The question was not whether a better-paying employer could be identified, but whether current pay was adequate to recruit and retain staff of the required calibre. Of critical importance in the context of all studies pertaining to the application of the Noblemaire principle was the issue of whether the organizations were able to recruit and retain staff of the required calibre under the existing remuneration package. Those members considered that, along with the study on the identification of the highest-paid civil service, a report on the current recruitment and retention difficulties faced by the organization should also be submitted to the Commission. Pending a review of such data, it would be premature to conclude that there was a need to extend the application of the Noblemaire principle beyond the current system.

98. The Commission noted that the organizations had carried out some studies concerning the application of the Noblemaire principle and that a considerable amount of information and analysis was already available for examination by the Commission at its spring session in 1994.

99. The Commission noted that issues related to the salary scale structure were interlinked with other aspects of its review of that item and would therefore need to be considered in that context.

Decision of the Commission

100. The Commission decided that it would review the various aspects of the item as follows:

(a) Developments within the current comparator, i.e. FEPCA implementation and special pay rates, together with margin management under the current arrangements, should be reviewed at the spring session in 1994;

(b) A report on the organizations' current recruitment and retention difficulties, at the spring session in 1994;

(c) The study of the highest-paid national civil service should receive the highest priority under the item, with work on phase I to proceed immediately for review at the spring session in 1994. If it appeared that another national civil service could replace the current comparator, work should proceed on phase II, in order for a complete report to be submitted to the Commission at its summer session in 1994;

(d) The application of the Noblemaire principle would be examined on the basis of a report to be submitted by the ICSC secretariat, in full collaboration with the CCAQ secretariat. The report should include, inter alia, an examination of other organizations which lent themselves to comparisons in that

context. The report would be submitted to the Commission at its spring session in 1994;

(e) The structure of the salary scale would be examined after other aspects of the item had been fully explored, with an initial report on salary scale structure provided to the Commission at its spring session in 1994.

B. Procedure for the determination of the cost-of-living differential between New York and Washington, D.C.

101. At its session in March 1993, the Commission reviewed the details of further refinements of the methodology for determining the cost-of-living differential between New York and Washington used in net remuneration margin measurements. Those had been requested by the Commission on the basis of its review, in 1992, of the methodology developed by a consultant. It was recalled that following its examination of that matter in 1992, the Commission had reported to the General Assembly that the new methodology was sound and should be used for future determination of the cost-of-living differential between New York and Washington following further refinements. The General Assembly, in its resolution 47/216, had addressed the issue of the New York/Washington cost-of-living differential as presented in the Commission's annual report for 1992 ^{11/} and had requested the Commission to take into account its views on the completion of the study.

102. On the basis of additional refinements with regard to family size and income groupings, the consultant had conducted a further analysis of the cost-of-living differential. Based on future applications of the revised New York/Washington cost-of-living differential, biannual updates of the analysis were proposed to the Commission.

Views of the organizations

103. The Chairman of CCAQ noted the further work carried out by the consultant. He recalled the crucial importance of the accurate measurement of the differential between New York and Washington for the margin calculation. It was important to stress that the consultant retained for the exercise had also been used by the comparator for similar exercises. The reliability and technical validity of the consultant's findings were, in the view of CCAQ, of the highest order. As to the updating of the measurement, he concurred with the proposal that an adjustment should be made twice a year. CCAQ took note of the discussions in the Fifth Committee on the matter and the comments made in that respect at the time of the adoption of General Assembly resolution 47/216. CCAQ believed that any concerns raised by delegations had been laid to rest by the refinements carried out. CCAQ therefore concluded that the General Assembly had given the go-ahead for the use of the revised methodology, and urged its implementation without more ado.

Discussion by the Commission

104. The Commission noted that the refinements introduced in the methodology for determining the cost-of-living differential between New York and Washington had been requested as a result of in-depth consideration of the various aspects of the methodology by the Commission in 1992. The Commission was satisfied that the methodology was now ready for implementation; it considered, however, that it would be appropriate for ACPAQ to review the technical aspects of the methodology, since it was ACPAQ that had first drawn attention to shortcomings in the methodology currently used. At the request of the Commission, ACPAQ had examined the basis used for developing the methodology and the various

assumptions made. It had concluded that the revised methodology would eliminate the deficiencies identified in the earlier approach and that the methodology suggested by the consultant was technically sound (see paras. 128-132 below).

105. As part of its review of the methodology, the Commission addressed the question of the population to be used in the calculation of the differential. In that regard it was noted that, since it was the comparator's salary levels that would be adjusted for the cost-of-living differential between New York and Washington, D.C., the use of the United States civil service population was technically justifiable and consistent with the application of the Noblemaire principle. One member of the Commission, however, considered that the use of the United States population as the basis was inappropriate because of the characteristics of that population vis-à-vis those of the common system. He therefore could not associate himself with the decision of the Commission in paragraph 106 (b) below.

Decisions of the Commission

106. Having taken note of the General Assembly's views on the item and on the basis of its further review of the matter, the Commission decided to reaffirm the decision reported to the Assembly in 1992, as follows:

(a) The current methodology for determining the cost-of-living differential between New York and Washington in the context of net remuneration margin calculations was deficient;

(b) The new methodology as described in paragraph 132 of its annual report for 1992 was sound and should be used for the determination of the cost-of-living differential between New York and Washington.

107. The Commission further decided that the new methodology should be taken into account in reporting to the General Assembly on the net remuneration margin for 1993.

C. Evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations system

108. In accordance with its standing mandate from the General Assembly, the Commission continued to monitor the net remuneration margin between officials in comparable positions of the United States federal civil service and the United Nations system. The net remuneration margin was calculated using the revised New York/Washington cost-of-living differential methodology (showing the cost of living in New York to be 16.4 per cent higher than in Washington), which the Commission had informed the General Assembly that it was developing. ^{12/} Accordingly, the Assembly, in section II.A of its resolution 47/216 had requested the Commission to submit a report on the application of the methodology. The application of the regular margin calculation methodology recommended by the Commission in its annual report for 1989 ^{13/} and endorsed by the General Assembly in resolution 44/198 of 21 December 1989, together with the revised New York/Washington cost-of-living differential methodology, resulted in a margin for the calendar year 1993 of 114.2. The United States/United Nations grade equivalencies used in the calculation of the margin were those established by the 1990-1991 grade equivalency study, as approved by the Commission at its session in July-August 1991.

Views of the organizations

109. CCAQ took note of the current margin estimate. As in previous years, CCAQ noted that both the regressed and unregressed margins at the D-1 and D-2 levels were virtually non-existent. CCAQ was looking at that matter in the context of the structure of the salary scale.

Views of the staff representatives

110. The President of CCISUA noted that in view of the current level of the net remuneration margin, the post adjustment system would operate normally. With regard to the margin level at different grades, CCISUA intended to submit specific proposals on margin calculation methodology to the Commission at its next session.

Discussion by the Commission

111. In reviewing the details of the net remuneration margin calculations, the Commission noted that the margin at individual grade levels continued to vary considerably, with significantly lower margin levels at the higher grades. The view was expressed that some corrective action needed to be taken in regard to the remuneration at the D-1 and D-2 levels.

112. In that connection, the Commission noted that the problem of the margin at the D-1/D-2 levels could not be viewed in isolation from the margin at other levels. The General Assembly, in section II.G, paragraph 3 of its resolution 47/216, had taken note of that issue and had requested the Commission to keep under review the structure of the salary scale at all levels of the Professional and higher categories, taking into account, *inter alia*, the overall level of the margin and the imbalance between the margin levels for different Professional grade levels. That matter would be addressed in the context of the series of studies on matters related to the remuneration of the Professional and higher categories which was on the Commission's work programme for 1994 (see paras. 86-100 above).

Decision of the Commission

113. The Commission decided to report a net remuneration margin of 114.2 for the calendar year 1993 to the General Assembly as shown in annex VIII below.

D. Base/floor salary scale

114. The concept of a base/floor salary scale had been introduced, with effect from 1 July 1990, by the General Assembly in section I.H of its resolution 44/198, when it provided for "the establishment of a floor net salary for staff in the Professional and higher categories by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service". The base/floor system was designed not only to provide a minimum level of remuneration for United Nations system staff but also to serve as the reference point for calculating certain separation payments and the mobility and hardship allowance. The scale was subsequently revised on 1 March 1991 and on 1 March 1992. In 1992, the Commission recommended that, in order to bring the common system base/floor salary scale into line with the comparator's scale, an adjustment to the common system scale of 6.9 per cent would be necessary. In section II.B of its resolution 47/216, the Assembly approved the Commission's recommendation with effect from 1 March 1993.

115. The Commission was informed that, in view of the further movement of United States federal civil service salaries of 3.7 per cent in 1993, an adjustment of the common system scale of 3.6 per cent would be necessary in 1994 in order to keep the base/floor salary scale in line with the comparator's scale.

Views of the organizations

116. In conformity with the position strongly held by ACC, the Chairman of CCAQ fully supported the proposal for an adjustment of 3.6 per cent in the base/floor salary scale, with effect from 1 March 1994. CCAQ attached importance to the regular annual updating of the base/floor salary scale and hence to the current proposal. In that context, he noted that the General Assembly, by its resolution 47/216, had approved the full adjustment of the base/floor salary scale as proposed by the Commission in 1992.

Views of the staff representatives

117. The President of CCISUA was pleased to see that the General Assembly had agreed with the ICSC recommendation in 1992 of a 6.9 per cent base/floor salary adjustment in order to close any remaining gaps between United Nations and United States salaries in Washington, D.C. He noted that there was still a 14-month delay in the reflection of United States federal civil service salary increases in the common system base/floor salary scale. He would not, however, challenge that delay. He further noted the repercussion of the increase on the mobility and hardship allowance, but considered that that was a matter of maintaining the value of the allowance in real terms.

Discussion by the Commission

118. The Commission recalled that it had reviewed the base/floor salary levels in 1990, 1991 and 1992 and made recommendations to the Assembly, following which the Assembly had revised the level of the base/floor salary effective 1 March 1991, 1992, and 1993 respectively. The changes recommended and approved were as follows:

<u>Year</u>	<u>Percentage adjustment recommended by ICSC</u>	<u>Percentage adjustment approved by the General Assembly</u>
1991	8.5	5.0
1992	8.6	6.0
1993	6.9	6.9

119. The Commission noted that the increase of 3.6 per cent recommended for 1994 would mirror the increase granted to the United States federal civil service for 1993 and would, for the first time since the introduction of the base/floor salary scale in 1990, not represent a shortfall between the two scales. The related impact on the mobility and hardship allowance was considered to reflect the normal effect of decisions made at the time of the comprehensive review of remuneration for the Professional and higher categories. The Commission recalled that the Assembly had agreed with its recommendation that an exception be made to the Assembly's decision concerning the biennialization of the programme of work of the Fifth Committee so that that item could be considered annually. With regard to financial implications, if the base/floor salary scale were to be adjusted on 1 March 1994 by 3.6 per cent through the usual method of consolidating multiplier points on a no-loss/no-gain basis, the impact for the common system would be as follows:

	Adjustment of 3.6 per cent
	\$
(a) For those countries that would fall below the level of the new base/floor salary scale	295 289
(b) Mobility and hardship allowance	2 115 450
(c) Separation payments	<u>434 293</u>
Total	2 845 032
Total financial implications for the 10-month period from 1 March to 31 December 1994:	<u>2 370 861</u>

Decision of the Commission

120. The Commission decided to recommend to the General Assembly that the current base/floor salary scale should be increased by 3.6 per cent through consolidation of part of post adjustment, with effect from 1 March 1994.

E. Matters relating to post adjustment: report on the seventeenth session of the Advisory Committee on Post Adjustment Questions

121. The Commission, as part of its ongoing responsibilities under article II of its statute, considered the report of its Advisory Committee on Post Adjustment Questions (ACPAQ) on the work of its seventeenth session (ICSC/38/R.5). The Committee had dealt with technical issues covering (a) studies needed for the next round of place-to-place post adjustment surveys (1994-1997); (b) application of the revised cost-of-living survey methodology at field duty stations; (c) measurement of housing within the post adjustment system; (d) monthly updating of post adjustment indices; (e) the New York/Washington cost-of-living differential; and (f) the use of classes within the post adjustment system. Details of the Commission's consideration of issues under (c), (e) and (f) are provided below.

1. Measurement of housing within the post adjustment system

122. The Commission considered the ACPAQ proposals which dealt with the simulation test for excluding housing from post adjustment calculations. That issue related to General Assembly resolution 45/241 of 21 December 1990, in section III, paragraph 4 of which the Commission was requested to establish a pilot project designed to simulate the operation of the proposals of the Commission (to separate housing costs from post adjustments calculations) in a limited number of duty stations in the field where valid housing comparisons were difficult or impossible, on the understanding that housing would remain within the post adjustment system in the meantime, and to report to the General Assembly on the experience gained with the project.

123. Simulation tests were undertaken by the secretariat to determine what the effect on individual staff members' remuneration levels at selected duty stations would be if the housing element of remuneration were to be separated from the post adjustment system. The test results were reported to the Commission at its thirty-seventh session. ACPAQ had reviewed the secretariat's approach and had recommended additional tests, the results of which were

subsequently reviewed by the Commission. Those tests showed that separation of housing from post adjustment in field duty stations would be very sensitive to the quality and precision of the measurement of housing costs at the base of the system (New York).

Views of the organizations

124. The Chairman of CCAQ noted that the simulation tests raised some very important questions. CCAQ was interested in receiving more information on the following:

- (i) The list of duty stations at which housing might be excluded;
- (ii) The extent to which caps on rent levels would be needed and if waivers to those caps could be contemplated;
- (iii) The determination of reasonableness of accommodation;
- (iv) The need for transitional measures in what appeared to be a potentially complex administrative system.

CCAQ believed that any new systems should be simple and easily explainable to the staff. ACPAQ had confirmed that the measurement of housing at the base of the system was crucial. Its conclusions did not, however, appear to move the subject much further forward: indeed, the report raised some additional questions about when and how external data were to be used to measure housing at the base of the system. CCAQ concluded, therefore, that it would be best to suspend the study of the separation of housing from the post adjustment system for the time being. The representative of the United Nations noted that the necessary measurement of housing costs at the base would be undertaken by the Commission in 1994, after which the Commission would pursue the matter of separation of housing costs from post adjustment calculations as originally envisaged in the comprehensive review, and not merely with regard to small field duty stations.

Views of the staff representatives

125. The representative of CCISUA pointed out that the tests did not prove much as regards the advisability or otherwise of separating housing from post adjustment. He believed that it would be better to concentrate upon overall improvements in the measurement of housing.

Discussion by the Commission

126. The Commission noted that while ACPAQ had recognized that the simulation tests were technically sound, there appeared to be some outstanding matters with regard to the sensitivity of the test results to housing costs measurements in New York, as well as any caps on rent levels that might be required. In view of the various difficulties identified and remaining, members questioned the advisability of continuing to expend further effort on those complex matters which had been under study since 1990. However, it was noted that the external data measurements of housing costs at the base planned for 1994 could be used to validate the separation test results. Under the circumstances, it would be appropriate to make an interim report to the General Assembly in 1993 and to revert to the issue in 1994 on the basis of the new data to be acquired on housing costs at the base.

Decision of the Commission

127. The Commission decided to report to the General Assembly that it had conducted simulation tests for the separation of housing from the post adjustment calculations. The methodology used in the test calculation was technically sound but the results of the exercise were somewhat inconclusive as they were sensitive to measurement of housing costs at the base of the system. The necessary measurement of housing costs of the base would be undertaken in 1994, at which time the Commission would revert to a review of simulation tests for the separation of housing costs from post adjustment calculations.

2. New York/Washington cost-of-living differential

128. At the request of the Commission, ACPAQ had reviewed the procedure used to calculate the cost-of-living differential between New York and Washington. That procedure had been developed by a consultant for use in calculating the net remuneration margin between the salaries of the United States federal civil service in Washington and those of the United Nations common system in New York. ACPAQ had identified deficiencies in the cost-of-living differential measurement methodology in 1991, when it had recommended that special surveys of market rents in New York and Washington should be conducted by the ICSC secretariat and that the data collected should be used for comparison of housing costs in those cities only for the purpose of margin calculations.

Views of the organizations

129. The Chairman of CCAQ noted that CCAQ had fully agreed with the recommendations of ACPAQ. He hoped that the methodology would now be applied.

Discussion by the Commission

130. One member inquired as to the differences between the consultant's methodology and that used by the United States Office of Personnel Management. ACPAQ had noted that those differences were justified in view of the different populations being considered in two studies. The secretariat explained that while United States populations had been used in both studies, the consultant's study had been designed to reflect United Nations salary range weighting patterns. In addition, four family sizes had been used for the consultant's study as opposed to the average family size used for the Office of Personnel Management study.

131. The Commission noted that ACPAQ had reviewed the technical aspects of the consultant's new methodology for the determination of the cost-of-living differential between New York and Washington, and that ACPAQ had found that:

- (a) The methodology proposed and the measurement provided by the consultant were technically sound;
- (b) The new methodology contained measurements and comparisons consistent with those previously recommended by ACPAQ;
- (c) Differences between the new methodology and the methodology employed by the Office of Personnel Management were justified on the basis of the different populations for which the cost of living was being measured;
- (d) Annual updates of the differential would be sufficient to reflect adequately any changes in the cost-of-living differential.

Decision of the Commission

132. Accordingly, the Commission agreed to inform the General Assembly that it had decided to implement the revised methodology. (For further details, see paras. 101-107 above.)

3. The use of classes within the post adjustment system

133. The Commission considered a recommendation from ACPAQ that a proposal from CCAQ for the elimination of the use of post adjustment classes in the system of post adjustment classification should be adopted. The ICSC secretariat had provided comments on the technical aspects of the proposals. It was noted that currently the post adjustment classification of a duty station was determined by reference to the post adjustment index of the duty station and might, under the current system, be expressed in either classes or multipliers. Since the comprehensive review in 1989, multipliers had a direct relationship to pay, as the multipliers, when multiplied by 1 per cent of the base salary scale, determined the actual amount of post adjustment paid in each location. Given that change in the post adjustment system, CCAQ had questioned whether there was any benefit to be gained in continuing to refer to the post adjustment classification in terms of classes. Classes were difficult to understand and no longer appeared to serve a useful purpose. It was recalled that post adjustment classes had originally had two functions. In static terms, classes of post adjustment were used to specify the level of remuneration applicable at a particular duty station at a particular point in time. The second function was a dynamic one designed to govern the spacing of adjustments of remuneration over time so that they would be awarded only in units of 5 per cent of base pay (later amended to 5 per cent of base pay plus existing classes of post adjustment). As regards the static function of post adjustment classes, to specify the level of remuneration, it was clear that the existing arrangements, using both post adjustment multipliers and post adjustment classes, represented a redundancy. Elimination of the system of classes would simplify the post adjustment system.

134. As regards the dynamic function of post adjustment classes, the situation was analysed in terms of the two distinct sets of rules which existed for Group I (hard currency) and Group II (soft currency) duty stations. The concept of specific classes of post adjustment had lost all operational significance for Group I duty stations in recent years. The multiplier determined the class for Group I duty stations, not the reverse. It was pointed out, however, that the role of post adjustment classes for Group II duty stations raised two issues. At present, post adjustment classes were of significance when place-to-place survey results were to be implemented and when adjustments due to inflation (in- and out-of-area) were to be applied. As regards the first element, Group II post adjustment classifications were revised at the time of place-to-place surveys using different rules from those used for Group I. However, if post adjustment classes were eliminated, it would appear appropriate to follow similar procedures to those now applied to Group I duty stations for Group II duty stations, while still maintaining a four-month review system. That would provide a slightly more accurate rendering of purchasing power parities in post adjustment classifications for Group II duty stations.

Views of the organizations

135. The Chairman of CCAQ informed the Commission that the organizations fully agreed with the ACPAQ recommendation to eliminate the use of classes of post adjustment.

Discussion by the Commission

136. The Commission agreed that the convention of using classes represented a redundancy as multipliers were available to specify remuneration levels. The elimination of classes would require some adaptation of post adjustment rules for use in Group II duty stations. The Commission recognized that the proposal was largely a question of simplicity and transparency. Members inquired as to whether the revised post adjustment arrangements for Group II duty stations would have financial implications. It was explained by the secretariat that remuneration levels would not change under the proposals. The timing of adjustments would be rescheduled, with the result that no financial implications would arise from the elimination of post adjustment classes.

Decision of the Commission

137. The Commission decided that it had no technical problem with the proposal for the elimination of post adjustment classes. It also noted that as the proposals related to the timing of post adjustments rather than to their levels, in effect no significant financial implications would arise from the proposal. Accordingly, the Commission decided that the use of post adjustment classes should be eliminated as of 1 January 1994.

F. Expatriate entitlements of staff living in the home country and stationed elsewhere

138. The Commission recalled that a report on that matter had been pending since the request made to it by the General Assembly in resolution 44/198 of 21 December 1989. Since then the Commission had reviewed various aspects of the matter, most recently at its session in March 1993. At that time, the organizations had proposed that additional information be provided for the Commission's consideration on the following aspects:

- (a) The differences between the staff regulations of each organization and their application;
- (b) The historical antecedents which had led organizations to reach different conclusions in respect of the determination of different expatriate entitlements;
- (c) The rationale behind their determination;
- (d) The legal implications of taking action in that area.

That information was provided at the Commission's summer session in 1993.

Views of the organizations

139. The Chairman of CCAQ said that CCAQ had no objection to the following findings of the secretariat:

- (i) The practices followed were consistent with the staff rules and regulations as adopted by the governing bodies of the organizations concerned;
- (ii) The numbers of staff involved represented less than 1 per cent of common system Professional staff;

- (iii) Harmonization of practice would require the revision of the staff rules and regulations of either the specialized agencies headquartered in Geneva or of Appendix B of the United Nations Staff Rules and Regulations;
- (iv) Any change would create the potential for legal challenge unless acquired rights were protected.

He recalled, however, that the conditions of service of the common system were established, inter alia, on the premise that entitlements were based on the staff member's duty station. That consideration applied not only to the issue at hand, but also to other conditions of employment, such as the hardship and mobility entitlements. CCAQ believed that a careful study was needed of all the consequences that a change in approach might have on other elements of the conditions of employment. That analysis had not been given in the material provided.

140. The representative of the United Nations informed the Commission that, in addition to the material before it, there was a long history with regard to the United Nations position on the matter. His research indicated that the United Nations staff rules applicable at Geneva had been drafted with the clear intention of ensuring that education grant entitlements would not accrue to staff living in their home country. He noted that if the United Nations staff rules were to be amended to follow the practices of the specialized agencies, there would be financial implications in terms of additional expatriate entitlement costs for the United Nations as regards nationals living in their home country (France) but stationed elsewhere, i.e. Geneva. Figures on the numbers of staff involved were not currently available, but could be provided if required as a basis for calculating any related financial implications. He also observed that the information provided in respect of the elements listed in paragraph 138 above was not complete.

Views of the staff representatives

141. The President of CCISUA expressed the view that the Commission's essential task was to ensure the harmonization of the common system. It should therefore not accept different practices with regard to the payment of expatriate benefits. The governing factor in that regard was the duty station, not the country of residence. That was also recognized by Swiss tax authorities, which treated French United Nations staff living in France as though they lived in Switzerland. Harmonization should be achieved by adjustments which improved, rather than worsened, conditions of service.

Discussion by the Commission

142. The Commission noted that the staff rules of the organizations reflected two divergent positions, i.e. one which defined Geneva as a duty station to include contiguous parts of France (the United Nations) and another which did not (the specialized agencies). It appeared that it would be difficult to harmonize those two positions, since such harmonization would require adopting one of the two positions rather than finding a middle ground. Adopting the position of the specialized agencies would have financial implications for the United Nations, since some staff who were currently considered non-expatriate would then be considered expatriate. If the United Nations position were adopted, that would require a legal adjustment of staff rules with related consideration of acquired rights and staff-management relations. One member was of the opinion that that was a technical matter directly related to the determination of adequate pay and benefits. The margin calculation took into consideration the expatriation of staff. The specific entitlements at issue

were over and above the "general inconvenience of expatriation" and were intended to offset specific additional costs of living outside one's home country. The Commission noted, in the course of its discussion, that the post adjustment calculation for Geneva was based on the collection of data for Geneva only. In response to questions, the secretariat indicated that prices for use in Geneva comparisons had not been collected in France since 1978. However, that issue related solely to post adjustment questions and was not directly related to the question of allowances and benefits.

Decision of the Commission

143. The Commission decided to report to the Assembly that it had examined the practices of the organizations in that regard that:

(a) The practices followed were consistent with the provisions of the staff rules and regulations as adopted by the governing bodies of the organizations concerned;

(b) Harmonization of practice would require the revision of either the staff rules and regulations of the specialized agencies headquartered at Geneva or of the relevant portions of the United Nations Staff Rules and Regulations;

(c) The choice between harmonizing around current United Nations or specialized agency practices would appear to be a policy choice rather than a technical one;

(d) Should the General Assembly wish the Commission to study the matter further, it could do so on the basis of any decision the Assembly might make as regards (c) above.

G. Special occupational rates: criteria and modalities for payment of special occupational rates

144. The Commission recalled that in 1992 it had reported to the General Assembly its view that special occupational rates could be introduced in the common system as a means of addressing recruitment and retention problems for some specialized technical fields. In section II.E of its resolution 47/216, the General Assembly had endorsed that approach in principle and requested the Commission to submit recommendations for the Assembly's consideration at its forty-eighth session.

145. At its thirty-seventh session in spring 1993, the Commission reviewed a specific proposal for special occupational rates within the United Nations common system but concluded that additional work in that regard was required. That should include consultations with the organizations, since organizations favouring the introduction of a special occupational rates system considered the initial proposal for such a system to be too inflexible and complicated. In its consideration of the item, the Commission was provided with information on the comparator's special occupational rates programme, the basic requirements for a special occupational rates system and net remuneration margin considerations.

146. Accordingly, at its summer session in 1993, the Commission reviewed two alternative special occupational rates schemes for application within the United Nations common system: the one that had been before it at its thirty-seventh session and a second scheme emanating from the consultations held with the organizations between the spring and summer sessions.

147. The Commission noted that a large majority of organizations did not favour the introduction of special occupational rates within the United Nations common system. It also addressed a related issue in that regard, special agency-wide rates, which was supported by some organizations. It noted that special agency rates would be detrimental to the common system and had been introduced in the comparator service largely to address staffing problems for agencies involved with a specific problem having an unprecedented impact on the United States economy as a whole, i.e. the regulation of savings and loans institutions.

Views of the organizations

148. The Chairman of CCAQ recalled that the organizations' position put forward at the spring session in 1993 was as follows:

(a) One group, representing the majority of organizations, was against the establishment of special occupational rates within the common system;

(b) Another group expressed interest in any occupational rates system that might be developed;

(c) A third group expressed active interest in pursuing consideration of a special occupational rates system.

149. A new dimension had now entered into the organizations' consideration of that matter, which was that it should be looked at in the much broader context of the improvement of management and efficiency in the organizations. In that context, in reassessing programme objectives, the organizations would also be able to reassess the human resources needed to execute the programmes to be carried out. In so doing, the organizations would also give careful attention to determining what revised packages of employment conditions should be introduced in order to hire and retain the best skills and talents to accomplish those tasks. In that framework, CCAQ would give consideration to the appropriateness of introducing some form of special occupational rates as part of that overall package.

Views of the staff representatives

150. The President of CCISUA recalled that CCISUA had always harboured strong doubts on special rates, which he considered were strengthened by the current review of the matter. He viewed the introduction of special occupational rates within the common system as a way of dismantling the system. He considered that the basic requirements of a special occupational rates system, as noted by the Commission, involved the identification of specific occupations and the demonstration of recruitment and retention difficulties. Neither of those basic requirements were met by the proposal of the organizations interested in establishing a special occupational rates system. Those organizations had argued that it was not necessary to demonstrate recruitment and retention difficulties. The higher pay of other employers was enough of a demonstration. Such an argument, however, applied to all common system staff. In fact, it had already been shown that some international employers paid higher salaries than the common system for all groups of staff.

Discussion by the Commission

151. The Commission noted that the demonstration of recruitment and retention difficulties was a basic requirement for the establishment of special occupational rates. It expressed the view that the organizations should have the ability to recruit and retain exceptional staff through recourse to exceptional means, but that such exceptions should be limited in time and

number. The Commission noted in that regard that the proposal put forward by the organizations interested in a special occupational rates system would cover 60 to 70 per cent of their Professional staff, which would include non-core Professional staff fulfilling administrative support roles who would be paid lower special rates without direct comparison with competitive employers. There was also no indication of the duration of such special payments. It appeared to the Commission that the organizations favouring special occupational rates were, in fact, interested in special agency rates, an approach which the Commission rejected because it considered such rates detrimental to the common system.

152. Some members of the Commission considered special occupational rates a means of addressing inadequate overall salary levels. In that regard, the Commission noted that it would be reviewing various aspects of Professional remuneration in 1994 and that it could re-examine the item in that context. The Commission noted that CCAQ had indicated that it would produce a report for the Commission's spring session in 1994, under a different item, detailing recruitment and retention difficulties within the common system. It further noted the difficulties experienced previously in obtaining statistics in that regard, and considered that the human resources database systems of the organizations should be designed to permit ready access to such statistics.

Decision of the Commission

153. The Commission concluded that the organizations pursuing special occupational rates were, in fact, interested in implementing special agency rates which the Commission had previously rejected and which it continued to consider unjustified in the common system. The Commission intended to keep abreast of developments in that regard, but considered that it would not be appropriate to recommend a system of special occupational rates to the Assembly at the present time.

H. Language incentive for staff in the Professional and higher categories

154. At its thirty-seventh session, the Commission had reviewed the history of that scheme, which had first been introduced in the United Nations in 1972 as part of a package of measures designed to improve linguistic balance in the Organization. Under the United Nations scheme, staff on posts subject to geographical distribution who had demonstrated proficiency in a second official language received a within-grade salary increment at an accelerated rate of 10 months (as opposed to 12) or 20 months (as opposed to 24), as appropriate. The scheme had also been applied, with slight eligibility modifications, in ITC and GATT, as of the same date. UNIDO, at the time part of the United Nations Secretariat, had likewise applied the scheme and had continued to do so after it became a specialized agency in 1986. In 1985, ILO had introduced a language incentive scheme with language requirement criteria that differed from those of the United Nations inasmuch as staff already proficient in one of the working languages of the Organisation had in addition to demonstrate proficiency in one official language, the staff member's mother tongue being excluded for eligibility purposes. Under the ILO scheme, there was no distinction as to geographical and non-geographical posts, but project and language staff were not eligible for the incentive. More recently, the Coordination Committee of WIPO had approved the introduction of a language incentive scheme with the same language requirement criteria as those of the United Nations scheme; however, under the WIPO scheme, all Professional staff, including linguistic staff, would be eligible. ITU was proposing the introduction of a scheme along the same lines. Several other organizations had indicated interest in introducing language incentive schemes.

155. The various ramifications of the issue (language requirement criteria, eligibility, retesting for language proficiency) and information on the language allowance for the General Service and related categories were also examined.

156. On the basis of the information provided, the Commission considered the following options:

(a) Reiterating the recommendation it had made at the time it had last examined the issue (1983), namely, that language incentives for Professional staff should be discontinued and more efforts made to meet linguistic standards at the time of recruitment;

(b) Recommending the introduction, on a consistent basis, of a language incentive scheme for all organizations in the form of either an accelerated within-grade increment or a non-pensionable lump-sum bonus.

Views of the organizations

157. The Chairman of CCAQ drew the Commission's attention to a note prepared by CCAQ summarizing the extensive historical background to the language incentive. Neither the organizations that were currently making use of such schemes nor those that were not had reported any problems with the existing arrangements; however, interest was being shown by a few organizations in introducing the incentive.

158. The organizations had repeatedly stressed the need to recruit and retain staff who could provide them with the technical skills required to meet the challenges of today's world. Linguistic ability remained a high priority, but must take second place to other competing requirements. The ICSC secretariat took as its point of departure the need for harmonization: yet the General Assembly itself had rejected the Commission's earlier request that system-wide harmonization be achieved through the abolition of the language incentive in the United Nations. CCAQ had concluded at the time that the language incentive was a matter on which a common system position was not required and it remained of that view. In the circumstances, CCAQ wondered whether it would be profitable for the Commission to pursue the matter further.

159. The representative of the United Nations recalled that, notwithstanding the Commission's recommendation in 1983 that the United Nations should discontinue its language incentive programme, the General Assembly had upheld the need to maintain it as a means of achieving the desired linguistic balance in the Organization. The United Nations could not agree to the option in the ICSC secretariat document whereby language increments would be discontinued in favour of linguistic standards being met at the time of recruitment. That would remove a proven incentive for Professional staff members to learn the other languages of the Organization. Apart from the fact that it was impractical to add further language proficiency requirements to the various recruitment criteria already in place (those related to basic technical and professional qualifications, geographical distribution and adequate representation of women), it would be difficult to predict the languages that staff members might need to know in the course of a career that might span 30 years and include different assignments. That position of the United Nations was also supported by UNRWA, UNIDO and IAEA, which were of the view that there should be no change in the existing situation.

160. The representative of ILO stated that the language incentive scheme had been introduced in ILO in 1985 following the General Assembly's decision to maintain the system for the United Nations, and for the same purposes as in the United Nations. The language incentive also encouraged mobility, as staff with the necessary linguistic skills were more easily transferable. ILO did not, in

principle, oppose retesting for linguistic knowledge, but considered that not too much emphasis should be placed on that aspect at a time when priorities had to be established for training programmes in view of limited funds. With respect to the options presented in the secretariat document, the ILO would on balance prefer to keep its existing scheme.

161. The representative of UNIDO recalled that the incentive programme had been in effect in UNIDO since 1972 and was linked to a well-structured language training programme, the purpose of which was to enable staff actually to use the languages of the Organization in their work. He stressed that the programme had the strong support of management and staff.

162. The representative of FAO stated that FAO favoured the introduction of a language incentive; the matter was currently under review.

163. The representative of WIPO stated that under the scheme recently introduced in WIPO, all Professional and higher category staff, including linguistic staff, were eligible for the language incentive. As the number of linguistic staff was very small, it had been felt that to exclude them would introduce unnecessary discrimination. Addressing the issue of retesting, he noted that given the geographic location of WIPO, the majority of staff needed to operate in, and had constant exposure to, both English and French. Thus, while retesting was theoretically justified, it was not considered necessary or cost-effective in the WIPO context.

Discussion by the Commission

164. The Commission considered that there was no question but that linguistic balance was a desirable objective for international organizations. Linguistic diversity in such organizations served to improve internal and external communication and enhance cultural awareness, thereby increasing organizational effectiveness. The question was whether a language incentive scheme was necessary to achieve that purpose. On that point, the Commission noted the views of the organizations, and concluded that a language incentive scheme might indeed be a useful tool for meeting the above objective. It therefore agreed not to pursue the option of reiterating the recommendation it had made in 1983 that the language incentive scheme should be discontinued. At the same time, it did not consider that such a scheme should be imposed on organizations as a requirement, but should be a matter for determination by each organization in the light of its needs. Either way, it was of the view that the emphasis should be on encouraging the practical use and application of languages rather than abstract or theoretical knowledge in and of itself, as a matter of sound management in a multicultural setting.

165. The Commission noted that its consideration of the modalities of application of the language incentive would have to be guided by the need to steer a course between what was theoretically desirable and what was practically feasible, bearing in mind that by all accounts existing arrangements appeared to be working well, and taking into account the issue of acquired rights and the administrative and other implications of any widespread change.

166. As to the language requirements/criteria for a language incentive, some members of the Commission expressed the view that monolingualism was now a thing of the past and that staff should therefore, on recruitment, be required to be proficient in two working languages of the Organization. The view was also expressed that stringent language proficiency criteria would discriminate against persons whose mother tongue was not a working or official language of the Organization. The Commission also examined the issue of possible double compensation in terms of job classification standards, but concluded that in

practice that was not a problem, except in the case of linguistic staff, for whom language skills were a condition of employment. The Commission also considered that its earlier recommendations in respect of the language allowance for staff in the General Service and related categories had relevance in the existing context; those included the recommendation that the mother tongue as well as the language required for the job on appointment should be excluded from consideration.

167. The Commission considered that the knowledge and use of two official languages, with a language incentive being granted for a third language, should remain the objective for all organizations. It recognized, however, that that situation might be difficult to achieve for the time being; it therefore decided to recommend that an incentive should be granted for the knowledge and use of a second official language, bearing in mind that there were still many staff in the organizations who had not yet mastered a third language. It wished, however, to emphasize strongly that every effort should be made to ensure that staff put language knowledge to practical use in the organizations as a means of enhancing organizational effectiveness.

168. Taking all the above factors into consideration, the Commission concluded that the formula which might best respond to existing realities would be one along the lines of that currently in application in the United Nations: proven knowledge of a second official language. It also favoured an approach whereby all promotions would be conditional upon proven knowledge of a second official language.

169. The Commission next reviewed the question of the groups that should be eligible for a language incentive. Having analysed the applicability of current schemes, it concluded that there was no uniform formula that would be applicable to the structure and post-funding situations of the various organizations. In some cases, it was appropriate to distinguish between geographical and non-geographical posts; in others, the exclusion of specific groups, as was currently the case in ILO, would be more pertinent. The Commission was, however, strongly of the view that under no circumstances should linguistic staff be eligible for a language incentive.

170. On the question of mechanisms for ascertaining continued language proficiency, the Commission recalled its recommendation that staff in the General Service and related categories in receipt of a language allowance should undergo periodic retesting for that purpose. Differing views were expressed with respect to retesting for language knowledge. Some members of the Commission favoured periodic retesting, while others, mindful of the administrative costs involved, felt that the same purpose could be achieved by means other than formal tests. The view was also expressed that random retesting could be a useful mechanism in that regard. The Commission concluded that as a matter of principle it was important that steps be taken by organizations to confirm continued proficiency: that was also linked to the need to encourage the application and use of acquired skills, as referred to earlier.

171. Finally, with regard to the form which a language incentive should take, the Commission reviewed the options presented in the secretariat document, i.e. a lump-sum, non-pensionable bonus, or an accelerated within-grade increment. From a theoretical standpoint, the payment of a non-pensionable, lump-sum bonus was the approach favoured by the majority of Commission members. However, that approach would require the discontinuation of all current schemes and bring with it a number of administrative and other difficulties. Likewise, some interest was expressed in aligning the language knowledge recognition programmes for the Professional and General Service categories. While it was

recognized that under existing circumstances that would be difficult to achieve, the possibility of some alignment at a future date should not be ruled out. The Commission concluded, on balance, that the language incentive should continue to take the form of an accelerated within-grade increment.

Decisions of the Commission

172. In the light of the above discussion and analysis, the Commission decided, in accordance with article 10 (c) of its statute, to recommend to the General Assembly that for those organizations which considered that a language incentive scheme was a useful means of improving linguistic balance in the overall context of improved organizational effectiveness, the following parameters should apply:

(a) Criteria/language requirements: Adequate and confirmed knowledge of a second official language;

(b) Eligibility: The groups eligible for the scheme should be determined by each organization in accordance with its structure and functional requirements. Linguistic staff should, however, be excluded from eligibility for the scheme;

(c) Mechanism: The incentive should take the form of the granting of within-grade salary increments at an accelerated rate of 10 months (as opposed to 12), and 20 months (as opposed to 24), as appropriate;

(d) Organizations should take steps to ascertain, on a periodic basis, that a staff member receiving a language incentive retained linguistic proficiency, with a view to the effective use of language skills in the organizations.

173. The Commission further recommended that the effective date of the above measures should be 1 January 1994. Any organization that had a language incentive scheme in effect as of that date should bring it into line with the above parameters as soon as possible.

174. The Commission further decided to request the organizations to keep it informed regarding the introduction and application of language incentive schemes.

I. Relationship between hours of work and remuneration

175. The Commission addressed that issue in the context of questions raised on the matter in 1991 during reviews of the remuneration of the Professional and higher categories by the Coordination Committee of WIPO and ACC. Similar questions had arisen during the Consultative Group meetings of ITU held in late 1992 and early 1993.

176. The issue had come before the Commission at the request of the Director-General of WIPO and the ITU Consultative Group. The General Assembly, in section I.A of its resolution 47/216, had taken note of the Commission's intention to study the matter in 1993. The thrust of the proposals from WIPO were that the post adjustment system should be modified to permit consideration of differences in working hours between New York and Geneva. Specifically, it was proposed that since the working hours in Geneva were 40 hours per week and, on average, 35.8 in New York (35 hours per week, except during sessions of the General Assembly, when they were 37.5), net remuneration in Geneva should increase by 11.8 per cent to account for those differences in working hours.

Views of the organizations

177. The Chairman of CCAQ noted that views on that issue were difficult to reconcile since they might be based on technical, emotional or political considerations. The question of hours of work and remuneration had been addressed by CCAQ in 1992 in response to a request from ACC. While appreciating that hours of work varied in different locations, CCAQ had reached the general conclusion at that time that the status quo should be retained for the time being. That remained the view of the majority of the organizations in CCAQ. Some organizations, however, preferred the adjustment of net remuneration to reflect differences in working hours. He expressed disappointment that details of the practice of the comparator civil service had not been made available and requested more information in that respect.

178. The representative of WIPO recalled that, in October 1992, the Director-General of WIPO, with the approval of its Coordination Committee, had requested the Commission to review the question of the difference in working hours of Professional staff between Geneva and the base city of the common system (New York), and to make recommendations as to how that difference could be taken into account in the determination of the remuneration of Professional staff of WIPO. Addressing the "conceptual framework" of the study prepared by the ICSC secretariat, he pointed out that the premise that the nature of Professional work was not directly related to working hours was, disconcertingly, based on a broad reference to practices in the private sector and took no account of the practice of the comparator itself, which, under the United States Code, provided for cash compensation of overtime worked by federal civil servants, including at professional levels. That premise also failed to acknowledge the links between the volume of Professional work, the time required to perform it, working hours, the staffing of the organization, Professional remuneration and the resulting level of resources required. Moreover, it led to dangerous conclusions and sent the undesirable message that working hours were not relevant to Professional employment. The Director-General of WIPO had made his position clear on that issue: working hours were part of the conditions of employment of Professional staff; the difference in working hours between the base city of the common system and the city where WIPO had its headquarters was inconsistent with the principle of equal treatment reaffirmed by the General Assembly of the United Nations in resolution 46/191 should be compensated for. To that end, it would certainly be possible to find simpler and faster methods to reckon differences in working hours than the one suggested by the ICSC secretariat.

Views of the staff representatives

179. The President of CCISUA did not consider that issue to be one which required much time for the Commission's consideration. He felt that the issue required no action.

Discussion by the Commission

180. The Commission noted that the establishment and maintenance of relevant working hours were determined locally by the organizations of the common system. The Commission had dealt with that issue only in the context of specific remuneration issues, inter alia, the treatment of working hours in the context of General Service survey methodology, the measurement and comparison of total compensation vis-à-vis the comparator, and the relationship of working hours to overtime and shift differential payments. The Commission considered that the work performed by the Professional and higher categories could best be defined by tasks and/or projects as opposed to working hour increments.

181. The Commission considered that the nature of Professional-level work was such that it did not lend itself to strict adherence to work schedule parameters. Furthermore, no overtime was paid to Professional staff in the common system. Some members of the Commission expressed the view that the consideration of work schedule parameters for Professional staff was demeaning. In that regard, the Commission did not consider it possible to circumscribe Professional work activities by a time element as was done for production workers on a piece-work or clerical workers subject to overtime payments. The Commission considered that it was expected that Professional staff would complete a task or project without strict concern for the schedule of working hours and without expectation of a salary adjustment to account for the extra hours worked, or compensatory time off. It was noted, in that regard, that the work schedules applicable at common system duty stations were based largely on local practice as determined at the time of local General Service salary surveys.

182. Nevertheless, the Commission addressed the technical requirements that should be taken into account if working hour increments were to be considered as a basis for adjusting the net remuneration of the Professional and higher categories. In that regard, it noted that the analysis by WIPO, which seemed to be supported by ITU and ACC views on the issue, adjusted net remuneration for weekly work schedule differences without consideration of the actual hours worked in a year. It further noted that, because of differences in leave provisions and other time-related provisions of the organizations, an accurate measurement of annual working hours, by duty station, would need to be calculated before consideration could be given to the adjustment of remuneration for that factor. It noted in that regard that some organizations of the common system granted compensatory time off for overtime worked by Professional staff. It further noted that leave, in addition to that reflected in the standard common system leave package, was granted by some organizations. Those and other differences made it necessary to measure annual working hours accurately. The Commission considered that annual working hours were not measured by simply placing the weekly work schedule of Geneva in the numerator of a fraction and the average weekly work schedule of New York in the denominator, as proposed in the WIPO calculations.

183. The Commission noted, in addition, the detailed calculations included in the extensive documentation before it that would need to be applied to a comprehensive database reflecting organizations' practices on working hours and leave before any conclusion could be arrived at on that item. Such a database was not currently available and a major effort would be required to establish it. Even if it were available, the issue would still be viewed as complex because of the diversity of administrative practices.

184. The Commission considered that notwithstanding the technical aspects of a measurement methodology, a number of related considerations would require attention if such an adjustment to net remuneration of Professional staff were made. Those were the relationship of working hours to:

(a) Local practice (Since a duty station's working hours were largely based on local practice to satisfy the Flemming principle, how could that be reconciled with the Noblemaire principle requiring a reference to the comparator for Professional staff?);

(b) Net remuneration margin calculations (If adjustments to remuneration were to be made within the common system for differences in working hours, should not such differences also be measured within the context of net remuneration margin calculations? The Commission recalled in that regard that

it had made such measurements in the early 1980s, but only in the context of total compensation comparisons.);

(c) Flexible working hours programmes (If staff had a choice in the selection of their individual working hours, in the context of a flexible working hours programme, how should such choices be integrated in the adjustment of net remuneration for differences in working hours?).

All of those issues would need to be studied further before any conclusion could be reached about an appropriate net remuneration adjustment mechanism.

185. With regard to comparator practices, it was noted that overtime payments applied to Professional levels up to the GS-15 level (equivalent of P-5 of the common system), although at a reduced rate of pay and limited to a maximum amount.

186. Some members were of the opinion that the comparator United States civil service should be the base for any comparisons of working hours. With regard to comparator practices, it was noted that pay was based on an annual requirement of 2,087 hours; and that overtime pay was not required for Professionals, but when paid it was with substantial limitations and specific caps.

Decision of the Commission

187. The Commission decided to maintain the current common system practices with regard to working hours and to inform the General Assembly accordingly.

CHAPTER V

REMUNERATION OF THE GENERAL SERVICE AND RELATED CATEGORIES

A. Review of the general methodology for surveys of best prevailing conditions of employment at non-headquarters duty stations

188. In its eighteenth annual report (1992), the Commission reported to the General Assembly that it had reviewed the general methodology for surveys of best prevailing conditions of employment at headquarters duty stations. The details of the changes in the methodology had also been brought to the attention of the Assembly. 14/ Furthermore, the Commission had reported that it had agreed on arrangements for undertaking in 1993 the review of the general methodology for surveys of best prevailing conditions at non-headquarters duty stations. 15/ To that end, the Commission established an informal working group of members of its secretariat and the representatives of organizations and FICSA and CCISUA. At its session in March 1993, the Commission reviewed the non-headquarters methodology on the basis of the working group's report.

189. As part of that review, the Commission recalled that it had promulgated the survey methodology for non-headquarters duty stations at its twentieth session (July 1984) and had conducted an initial review at its twenty-sixth session (July 1987), at which time it had decided to schedule an in-depth review at a future session. Following the promulgation of the methodology, the organizations had put in place an administrative infrastructure to implement the methodology and to promote consistency and transparency. The development of an operational manual and software packages by the organizations, as well as the organization of training courses, in which some 300 representatives of the administrations and staff had taken part, had resulted in a better understanding of the process at the local level and had contributed to making the survey a broad participatory process.

190. The Commission further recalled that the determination of the conditions of service for locally recruited staff was based on the principle enunciated in 1949 by the Committee of Experts on Salary, Allowances and Leave Systems, known as the Flemming Committee. That principle had been reaffirmed by the Commission at its thirty-sixth session, when it had reviewed the survey methodology for headquarters duty stations. The Commission also considered the decision it had taken at the thirteenth session (1981), that the same overall principles should apply at all duty stations, i.e. at both headquarters and non-headquarters duty stations.

191. In reviewing the role of the various parties in the non-headquarters survey process, the Commission noted that its statute placed on it responsibility for determining the non-headquarters methodology. As regards the application of the methodology, however, the Commission had a markedly different role at non-headquarters duty stations, as the conduct of non-headquarters surveys and the establishment of salary scales were the responsibility of the organizations. Currently, the secretariat of the Commission participated as an observer in the Headquarters Steering Committee, where salary survey results were analysed and reviewed. The Commission considered that it had no direct involvement in the application of the methodology, but that through monitoring and reporting by its secretariat it would be in a position to review the methodology from time to time in order to ensure reasonable harmonization of the process for determining conditions of service for locally recruited staff at both headquarters and non-headquarters duty stations.

192. The Commission also reviewed a comparison of the various steps in the non-headquarters and the headquarters salary survey process. It recognized that while both methodologies were based on the Flemming principle, they measured conditions of service in very different labour markets and office structures. The headquarters methodology operated in largely homogenous office structures in well-established economies. The non-headquarters methodology, however, was applied to offices with an extremely diverse composition (e.g. United Nations regional offices in Bangkok and Addis Ababa, with over 500 staff, and duty stations in Eastern Europe and other localities with fewer than 10 staff) located in countries with widely varying economies.

193. The Commission noted that there was no basic difference between the two methodologies as regards the selection of jobs to be surveyed. In the case of non-headquarters duty stations, however, the selection of survey benchmarks was facilitated by the use of common classification benchmarks, owing to the virtually global application of a job classification system, which did not exist for the headquarters duty stations.

194. Some specific differences between the two methodologies included the selection of employers to be surveyed and retained. Whereas at headquarters duty stations a desirable minimum of 20 employers, with at least 100 clerical and support employees, needed to be retained, a minimum of 5 employers, with at least 20 employees, needed to be retained for non-headquarters duty stations. Following an analysis of those differences, the Commission concluded that the requirements for the selection and retention of employers for the large majority of duty stations appeared adequate. It considered, however, that for some duty stations, particularly those in larger locations which had reasonably stable and developed labour markets, the requirements as regards the number and size of employers should be expanded to approximate more closely the approach taken under the headquarters methodology. The Commission further noted that the current methodology stipulated that the selection of employers should represent a reasonable cross-section of competitive economic sectors, including the public service or parastatal institutions, with no one sector unduly dominating the sample. As a precise interpretation of dominance had led to some queries, the Commission considered it advisable to include a more specific reference in the methodology in that regard.

195. The Commission further noted that the implementation of the global non-headquarters job classification standard and the conversion to a seven-level grading structure in most duty stations had resulted in more consistent job comparisons within and across duty stations through the use of common benchmark job descriptions. That consistency was further enhanced since a number of comparators maintained global classification standards, which had led the organizations to establish global job matches for those employers to facilitate the systematic job-matching process across duty stations.

196. Within the broad framework outlined above and having taken into account the views of the organizations, the Commission addressed a number of issues pertaining to the methodology. The effective date of the changes to the methodology approved by the Commission was 1 July 1993. The revised methodology incorporating the changes approved by the Commission would be issued in the form of an ICSC document in due course.

197. As part of its review of the non-headquarters methodology, the Commission also addressed the issue of the establishment of a non-pensionable component in situations where the total of non-pensionable benefits and allowances formed a substantial part of the total remuneration package. The Commission noted the observation of the organizations that that provision had permitted them to evaluate comparator employer benefits in a realistic manner and to establish

competitive conditions of service in a large number of duty stations. It noted that the amount of quantifiable benefits tended to be considerably larger at non-headquarters duty stations than at headquarters locations, often as a result of the various tax regimes. It further noted that the inclusion of the non-pensionable component in pensionable remuneration would have a significant impact. The Commission decided to maintain existing provisions with regard to the treatment of the non-pensionable component, as had been agreed at the spring session. (For further consideration of that matter in the context of the pensionable remuneration for the General Service and related categories of staff, see paragraphs 72-73 above.)

B. Survey of best prevailing conditions of service in Paris

198. As part of its responsibilities under article 12 of its statute, the Commission conducted a survey of best prevailing conditions of service for the General Service and related categories in Paris. The salary scale recommended by the Commission is reproduced in annex IX below. The effect of the survey was that a 3.4 per cent increase in salaries which had become due as of 1 January 1993 was not granted. Furthermore, as the scale resulting from the survey was lower than the existing scale, the next 3.8 per cent increase due to inflation would not result in an increase in salaries. On the other hand, increases in the levels of the spouse and children's allowances were recommended as a result of the survey. Based on the survey data, it was also proposed that the non-pensionable component be eliminated. The overall impact of all recommendations of the Commission would be a reduction in costs of approximately 2.6 million dollars per annum for all organizations and for all sources of funds. That estimate was calculated at the exchange rate of 5.65 French francs to one United States dollar in effect on 1 July 1993.

CHAPTER VI

CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES

Staff assessment and the Tax Equalization Fund

199. The General Assembly, in section XXVI, paragraph 4 of its resolution 47/219, had urged the Commission to review the rates of staff assessment during 1993. In its decision 47/459 of 23 December 1992, the General Assembly had requested the Secretary-General to review all aspects of the question of staff assessment as they affected the budget of the United Nations organizations and programmes, taking into account the views of ICSC and the experience of other organizations of the system, and to present proposals to the Assembly at its forty-eighth session, through the Commission.

Views of the organizations

200. The Chairman of CCAQ noted that the issue at hand was essentially one that concerned the United Nations. He noted that there were two separate scales of staff assessment for the Professional and higher categories: one used in conjunction with the scale of pensionable remuneration, and the other used for determining gross salaries. That had led to some confusion, and consideration might be given to using separate nomenclature for those two distinctly different scales.

201. The representative of the United Nations explained that the current surplus in the Tax Equalization Fund was the result of consolidations of a part of the post adjustment into base salary since 1990, which had not been accompanied by reviews of the staff assessment scale. He explained that the calculations made regarding resource requirements did not take into account the impact on the Tax Equalization Fund of staff assessment in respect of peace-keeping operations, because the budgets for such operations varied from year to year; all calculations made by the United Nations Secretariat regarding the requirements of the Tax Equalization Fund and the revenue generated were therefore based on the regular budget. He informed the Commission that a staff assessment scale resulting in a revenue reduction of some 10 per cent would meet the needs of the United Nations. He emphasized that the scale to be recommended by the Commission should be developed by reference to the current base/floor salary scale. If the Assembly approved the Commission's recommendation for an upward adjustment to the base/floor salary scale, appropriate revisions to the staff assessment rates in the revised scale for those with neither a dependent spouse nor a dependent child could be submitted to the General Assembly.

202. He noted that a scale leading to a 10 per cent reduction in the staff assessment would reduce the staff assessment income for the regular budget of the United Nations by \$41.1 million for the biennium 1994-1995. That reduction would be offset by a corresponding reduction in the budget for that item. It would be desirable to review the rates of staff assessment used to generate income for the Tax Equalization Fund every two years. He informed the Commission that the report requested of the Secretary-General by the General Assembly under its decision 47/459 was not yet ready and would therefore not be available for consideration by the Commission.

Discussion by the Commission

203. The Commission observed that the General Assembly had requested it to take up that matter because, under article 10 (d) of its statute, it was required to make recommendations to the Assembly on the scale of staff assessment. Since,

however, the matter concerned only one organization, alternative means of dealing with similar situations in the future should be explored.

204. The Commission considered the background to the question. It noted that the General Assembly's request for a review of the staff assessment rates had been made in the context of the Tax Equalization Fund. The review should thus be limited to the staff assessment rates used for generating revenue for the Fund. Furthermore, it considered that it was not necessary to revise the rates of staff assessment for the General Service and other locally recruited categories of staff at the present time because the scale had already been revised with effect from 1 January 1992; moreover, in the context of the comprehensive review of General Service pensionable remuneration (see para. 85 (c) above), the Commission was recommending to the Assembly that that scale should be further reviewed in 1996. The Commission therefore decided to limit its review of that matter to the scale of staff assessment used in conjunction with gross salaries for the Professional and higher categories of staff.

205. The Commission noted that a scale that would result in reducing the staff assessment income by approximately 10 per cent would meet the resource requirements of the Tax Equalization Fund. A revised staff assessment scale reflecting that adjustment appears in annex X below; the resulting gross and net salaries would be as shown in annex XI below. As a result of the introduction of such a revised staff assessment scale, very minor changes in take-home pay would be experienced by staff to whom the single rate of staff assessment applied, but those were so small as to be considered negligible. The scale was developed by reference to the current base/floor salary scale. If the General Assembly decided to revise the base/floor salary scale as recommended by the Commission, some minor changes to the proposed staff assessment rates (for those with neither a dependent spouse nor a dependent child) would be required.

Decision of the Commission

206. The Commission recommended to the General Assembly, for implementation with effect from March 1994, the revised staff assessment scale in annex X below for use in conjunction with gross base salaries for the Professional and higher categories of staff.

CHAPTER VII

ACTION TAKEN BY THE COMMISSION UNDER ARTICLES 13 AND 14 OF ITS STATUTE

207. In section VII of its resolution 47/216, the General Assembly had urged the Commission "as a complement to studies being undertaken in the remuneration area, to give equal attention in its work programme to measures designed to promote sound personnel management in the international public service, including recruitment forecasting, human resources planning, performance management and staff development and training".

208. In response to that request, the Commission had undertaken reviews in the areas of job classification and staff training and development, with a view to seeing how the Commission's earlier work in those areas could be reinforced and the linkages with other elements of human resources management more tightly drawn. Its conclusions in that regard are contained in paragraphs 209-222 and 223-235 below. In the area of performance management, the Commission gave detailed consideration to a package consisting of: revised principles and guidelines for performance appraisal and management and for the recognition of different levels of performance; a framework for reward and recognition programmes; measures to deal with unsatisfactory performance; and a series of generic training modules for performance appraisal. Bearing in mind that the studies it would be undertaking in 1994 with regard to the application of the Noblemaire principle would not be limited to the area of remuneration but would (in line with the above request of the General Assembly) encompass complementary human resources management aspects, the Commission concluded that it would be more appropriate to bring that package forward in the context of those studies.

A. Job classification and human resources management

209. The Commission reviewed, in that connection, documentation providing a status report on the development and implementation of job classification in the common system. The document also analysed the relationship between job classification and other areas of human resources management (compensation; human resources planning and career development; and staffing and performance evaluation), with a view to strengthening those linkages. The root causes of certain problems with the application of job classification standards were examined and practical solutions thereto were advanced; the secretariat's intention would be to pursue those in the CCAQ Subcommittee on Job Classification.

Views of the organizations

210. The Chairman of CCAQ welcomed the report as a stimulating document which provided a basis for confirming that job classification was not only compatible with, but was indeed a prerequisite for, the development of human resources planning and management in the organizations. He recalled that significant progress had been achieved in the development and implementation of job classification standards, which were considered a valid and reliable tool. The organizations had made a considerable contribution to that programme through the CCAQ Subcommittee on Job Classification, as well as a series of important training activities.

211. The report provided a number of useful ideas which would serve as a basis for further discussions. The organizations could not, however, subscribe at the present stage to all the proposals for future work, since they believed that the priorities should be: the maintenance of the standards through a programme of regular review; a study of the consistency of Tier II standards, and the finalization of the remaining standards. Thereafter, it would be possible to look into other situations, and CCAQ would work closely with the ICSC secretariat in developing a timetable for future action. New approaches that should be looked into included the implications for job classification of the introduction of performance pay.

Views of the staff representatives

212. The representative of CCISUA said that for the staff, the importance of job classification lay in its potential for establishing equity both in and across organizations, and providing a sound basis for external salary comparisons. The problems associated with job classification differed as between the Professional and the General Service categories. In the case of the Professional category, a common system scheme was in place: the problems lay in its application. For the General Service category, the difficulty was the lack of consistency among the standards in place at the various headquarters duty stations. CCISUA therefore wished serious consideration to be given to the development of a common classification standard for headquarters locations, based on the point-factor approach, which provided a more reliable basis for establishing internal and external equities than the whole-job (benchmark) approach. Unfortunately, job classification was sometimes used to solve remuneration problems. That was what happened in the case of grade creep. She also underlined that CCISUA was opposed to the underfilling of posts. In its view, among the solutions to the problems of application of job classification were the following:

- (a) The strengthening of managerial accountability;
- (b) The establishment of job classification audit procedures;
- (c) Development of the proper linkages between job classification and career development.

213. CCISUA would welcome any attempt to increase transparency in the area of job classification. It agreed that training and the dissemination of information could play a major role in optimizing the job classification system.

Discussion by the Commission

214. The Commission welcomed the report as a useful conceptual analysis; it demonstrated in a logical fashion the linkages between job classification, which ICSC had developed as the cornerstone of an integrated human resources management system, and other elements of human resources management. It noted that one of the reasons that had prompted the report was the recent report by the Joint Inspection Unit (JIU) entitled "Advantages and disadvantages of job classification", which had highlighted what appeared to be a fairly widespread perception that the job classification system was encountering problems of application. JIU had, inter alia, requested ICSC to study the possibility of introducing linked grades and personal promotions in a way that maintained the integrity of the job classification system.

215. It was noted that while the conceptual linkages between job classification and other elements of human resources management were fully analysed in the document before the Commission, in practice those linkages were still somewhat loose. In the view of one member, the Commission should, in tandem with examining discrete elements of the human resources management picture, analyse in depth how the various elements interlocked, with a view to developing a global strategy that would make integrated human resources management a reality in the international civil service. In that connection, it was pointed out that a strategic framework of that kind had been developed by the Commission in the early 1980s; the problem lay in its practical application. The approach being taken at present, following a period of hiatus in the consideration of human resources management issues, was to bring forward the various subject areas falling under that heading, in order to examine how the Commission's earlier policy recommendations could be translated into action, whether those recommendations should be updated or amended, and what remained to be done. Following some discussion, the Commission concluded that the two approaches were not incompatible; they were indeed complementary, since they both aimed at giving effect to the concept of integrated human resources management. It was agreed that the secretariat should be requested to develop a framework in that respect for consideration at the Commission's summer session in 1994, bearing in mind that the Commission had already addressed that aspect at the beginning of the 1980s, and that the issue was therefore largely one of application.

216. In the meantime, consideration should be given to the areas of job classification and training (see paras. 223-235 below), on which specific proposals were before the Commission, in order to make some progress in a field which the Commission was anxious to address: it had, moreover, been requested by the General Assembly on several recent occasions to give greater attention to human resources management issues.

217. The Commission proceeded to examine the specific issues addressed in the documentation before it. It noted that significant efforts and resources had been devoted to the development and implementation of a common approach to job classification. It took note of the classification standards and tools that had been developed, which were considered generally reliable by the organizations, and noted the need to ensure their continued accuracy and relevance to the work of the organizations, through regular review and updating. The Commission further noted and concurred with the conclusions in the documentation that:

(a) The systematic capturing and dissemination of job-related information was the key to forging effective links between job classification and other components of human resources management;

(b) Emphasis should be placed on providing support to managers in the area of organizational and job design;

(c) A better communication and training strategy was required in order to generate greater consensus and support for the job classification function and reduce the strain placed on the system.

With regard to (a) above, the Commission reiterated the need for organizations to use the Common Classification of Occupational Groups (CCOG), more dynamically and to propose amendments to the scheme if it was not working properly for them. Concerning (b), the Commission saw the issue of increased managerial accountability for job classification decisions as paramount. It noted with satisfaction the organizations' intention to focus attention on that aspect.

Regarding (c), the Commission reaffirmed that an information and training programme was essential in order to remove what appeared to be widespread misperceptions about the potential and the limitations of job classification.

218. The Commission next examined the issue of linked grades (i.e. the systematic under-recruitment and automatic promotion of staff based on seniority). It recalled its earlier position that linked grades were no substitute for career planning and were incompatible with the fundamental principles of job classification. The Commission reaffirmed that a rank-in-post approach, such as that in effect in the common system, required that opportunities for advancement be tied with the performance of greater responsibilities, in order to ensure fairness and equity. Career paths should reflect a genuine increase in responsibilities, and work in organizational units should be structured to provide such paths. In that case also, the key lay in proper job design.

219. The next point addressed by the Commission was the underfilling of posts, i.e. the practice whereby staff were assigned to positions at a higher level than their personal grade with the understanding that they did not meet all the requirements of that post and would have to fulfil certain conditions before being promoted to the higher level. The Commission reaffirmed that the practice of underfilling was not incompatible with job classification; however, the criteria set by the Commission earlier in that regard should be respected:

(a) There should be a significant difference in the duties and responsibilities allocated, i.e. the grade-determining responsibilities should be clearly identified;

(b) The length of the period at the lower grade should be established in advance and communicated to the staff member;

(c) An appraisal of the staff member's performance should be conducted before the end of that period.

220. On the question of personal promotions (instances where staff were given a higher position than that of the post they occupied), the Commission also reaffirmed its earlier position, as stated in its tenth annual report, 16/ that personal promotions could be accepted subject to certain conditions as specified in that report. It noted that most organizations did not accept the concept of personal promotions. The view was expressed that the introduction of reward and recognition programmes in the organizations would tend to remove the necessity for personal promotions.

221. The Commission concluded that the perceived difficulties of job classification stemmed from its application rather than its conception. Job classification was criticized as rigid, but any rigidity resulted from financial constraints, not job classification: in the United Nations system as elsewhere, the possibilities of advancement were limited because resources were not unlimited and the organizations were not expanding.

Decisions of the Commission

222. The Commission decided:

(a) To note the progress achieved in the development of job classification standards and the ongoing need to maintain their accuracy and relevance.

Efforts should be directed towards providing assistance to programme managers in the area of organizational design and job design (job analysis) through training and other communication techniques, and in utilizing more effectively the job information generated by job classification;

(b) To pursue the development of practical solutions to problems identified in the administration of the job classification system in consultation with the organizations;

(c) To reaffirm that job classification was compatible with, and indeed a prerequisite for, the development of effective career planning systems, and that the use of linked grades therefore continued to be unnecessary. Existing mechanisms, such as underfilling or personal promotions, provided the necessary flexibility in the administration of job classification. The key to effective linkages between job classification and other components of human resources was the translation of the current and future operational needs of the organizations into a structure that also took into account their human resources needs.

B. Training in the context of human resources development

223. At its thirty-eighth session, the Commission had undertaken a review of the status of its work in the area of training and considered how it might most usefully carry forward its mandate in that regard in the future. It also had before it proposed guidelines for the evaluation of training which had been developed in conjunction with the organizations' training specialists.

Views of the organizations

224. The Chairman of CCAQ noted that the organizations were striving to improve and develop training activities at both the organization and the common-system level. In most common-system organizations, the funds available for training remained meagre, by comparison with such employers as the World Bank; CCAQ would make data in that regard available. Moreover, in times of budgetary cut-backs, training was often the first item to suffer. That did not denote a lack of interest in training on the part of the organizations, but it did perhaps have something to do with the way in which training funds were allocated; those were usually part of the budgets of personnel departments, and that tended to reinforce the perception of training as a non-core activity. In some organizations, substantive departments were now required to allocate a percentage of their own budgets to staff training. Given the scarcity of resources, CCAQ felt that emphasis should continue to be placed on a collaborative effort between all parties involved in the process. He noted that the guidelines for the evaluation of training currently before the Commission were the outcome of just such collaboration; CCAQ strongly endorsed those guidelines for the Commission's approval. It did not, however, consider the glossary of terms included in the documentation to be a finished product.

225. The representative of the United Nations emphasized that the trend should be away from treating training as a discrete activity, since that tended to marginalize it. Experience had shown that the impact of training was enhanced when it was integrated with the substantive work of the organizations. A new attitude towards training was required; keeping staff members' skills up to date was essential for organizational efficiency.

226. The representative of UNIDO cited examples of how much industrial organizations in Europe and the United States invested in training an average of 2 to 4 per cent of total staff costs, with some companies achieving a level of 6 to 7 per cent). Management development was currently neglected in the United Nations system, and a more definite commitment was needed in that area. Leading companies invested 45 per cent of their training budget in management training. He also cited examples of programmes in his organization where staff were requested to contribute to the cost of enhancing their skills (specifically in external training programmes). A balance was thus struck between the needs of the organization and those of the staff member.

Views of the staff representatives

227. The President of CCISUA said that the overriding problem was the meagreness of the funds allocated for training in most organizations. He called on the Commission to take a leadership role in mobilizing a new attitude towards training.

Discussion by the Commission

228. The Commission recalled that in 1981 it had identified four major types of training services as being required by individual organizations and the common system: (a) development of a training policy; (b) identification of training needs; (c) development and provision of training activities to meet identified needs; and (d) evaluation of training activities. ^{17/} In reviewing the work done in each of those areas, it noted the desirability of an active partnership being continued between its secretariat and the training specialists of the organizations, as a means of optimizing scarce resources.

229. Regarding the development of a training policy, the Commission recalled that over a decade earlier it had elaborated a series of policy statements on the role of training in career development and human resources management. Those statements were equally valid today. The issue was therefore not so much the development of further work at the conceptual policy level as the translation of policy statements into practice.

230. On the assessment of training needs, the Commission recalled that in 1984 it had recommended to the organizations a model for the assessment of training needs which it saw as an indispensable first step to evaluating the impact and utility of training. It reiterated the importance of assessing training needs before designing training programmes, and strongly encouraged the organizations to use such mechanisms (either the model recommended by the Commission or some other). The Commission was interested in receiving feedback from the organizations on their practical experience in that area.

231. With regard to the provision of training activities, the Commission welcomed the strengthened collaboration between its secretariat and the organizations. It took note of the ongoing and planned activities by its secretariat in the areas of (a) general information and briefing (workshops on job classification, seminars on conditions of service); (b) development of training and other human resources management tools; and (c) participation in inter-agency training programmes. In regard to (c), it noted that the two projects identified for its participation in the immediate future, management development and general orientation, were precisely the areas which it had identified as far back as 1981 as lending themselves to an inter-agency

approach. The Commission had no difficulty in endorsing the proposed direction of the activities proposed.

232. The Commission then considered the proposed guidelines for the evaluation of training. It noted that the guidelines had evolved from a request by the General Assembly, in its resolution 36/233 of 18 December 1981, for a thorough evaluation of training activities in the United Nations system. It viewed the guidelines as an essential corollary to the needs assessment model; by assisting organizations in their efforts to measure and quantify the results of training, they should help to generate increased support for effective training programmes. It therefore endorsed the guidelines, which appear in annex XII below.

233. Having reviewed specific areas of its mandate in the area of training, the Commission then turned its attention to how it could assist, in a more general sense, in enhancing awareness of the importance of training. It recalled, in that regard, that training, which was an integral part of human resources planning, should serve both the needs of management for improved organizational efficiency and the career development needs of the staff. In the drive for enhanced managerial effectiveness, the training needs of staff should not be overlooked, for a frustrated workforce was not an efficient one. It acknowledged at the same time that staff members themselves bore part of the responsibility for their own development.

234. The Commission concluded that, in its future work in the area of training, it should intensify efforts to generate a better understanding of the practical value of training.

Decisions of the Commission

235. The Commission decided:

(a) To reiterate the importance of training as a means of assisting organizational efficiency and enhancing the career objectives of staff;

(b) To endorse the direction proposed by its secretariat for future work in the area of training, and to invite the secretariat to consider ways in which awareness of the value of training could be enhanced;

(c) To approve the guidelines for the evaluation of training and recommend their application in the organizations.

C. Statistical report on the status of women in the United Nations common system

236. At its thirty-seventh session, the Commission had considered a report containing statistical data on the status of women in the United Nations common system which had been prepared as a follow-up to the report of the working group on the subject established by the Commission in 1990, which had been endorsed by the Commission at its summer session in 1992.^{18/} The data elements selected, distribution of staff by gender and level, recruitment by gender and level, distribution of women by occupation according to the Common Classification of Occupational Groups (CCOG), age and grade distribution of staff by gender and level, and time in grade by gender and level, were designed to provide a basis for comparison with similar data presented to the Commission at its

twenty-second session (July 1985). The Commission also had before it a brochure prepared at its request summarizing the findings of the working group referred to above.

Views of the organizations

237. CCAQ took note of the above information. It was cooperating closely with the ICSC secretariat to ensure that in the future appropriate data on the subject were provided in the most efficient form. With respect to the brochure issued by the secretariat, CCAQ suggested some possible amendments in the event that it was reissued.

238. The representative of FAO explained that the technical field of activity and requirements of his organization were not traditionally attractive to female candidates. The official requests from the Director-General of FAO to member States to submit women candidates had not so far contributed to an improvement in the situation. It had, moreover, proved difficult to recruit women for project posts, particularly in hardship rural locations. At headquarters, however, the proportion of women Professional staff in the fields of administration, information, statistics and economics was well above the overall target established.

239. The representative of UNIDO referred to a recent resolution of the UNIDO Industrial Development Board concerning the status of women in the organization that had been brought to the attention of the Commission at its current session. Although technical agencies such as UNIDO faced particular problems with respect to the recruitment of women, it had met its established targets for 1993. On the other hand, for five vacancies at the policy level (Deputy Director-General), not a single female candidacy had been put forward by the member States. There was a need for member States to support the efforts of the secretariat to increase the proportion of women, particularly at senior levels.

Discussion by the Commission

240. The Commission confirmed the usefulness of the information in the statistical report before it. The analysis showed that while some progress had indeed been achieved since 1985 in the representation of women, more remained to be done, particularly with regard to the representation of women in geographical posts and at senior levels. In that regard, the Commission noted that in 1991, women in geographical posts at levels P-5 and above combined represented 3.6 per cent of the total staff of all organizations. The Commission also noted that, at the current rate, the representation of women at senior levels by the year 2000 would be far from satisfactory. Several members observed that a profound change in attitude would be required in order to achieve significant progress. General expressions of good intent were not sufficient. A strong policy and commitment on the part of the organizations were essential; the Commission should make every effort to ensure that those were in place. Some further reflection was perhaps in order at that stage as to whether the earlier measures recommended by the Commission and the reporting processes in place were sufficient to bring about change. In that respect, attention was drawn to administrative instruction ST/AI/382 issued by the Secretary-General of the United Nations on 3 March 1993 calling for as close as possible to a 50-50 representation for women in policy-level positions by the time of the fiftieth anniversary of the United Nations. That and other pertinent information from other organizations should be made available to the Commission.

241. With regard to future work in that area, it was agreed that more data on nationality would be presented at the time of the next report. The Commission also noted with appreciation the brochure prepared by the secretariat, and considered it would be useful to publish such information from time to time.

Decision of the Commission

242. The Commission took note of the statistical report, and requested its secretariat to collaborate with the CCAQ secretariat in establishing, for future reports, some parameters on data collection.

CHAPTER VIII

ACTION TAKEN BY THE COMMISSION UNDER ARTICLE 17 OF ITS STATUTE

Implementation of the decisions and recommendations of the Commission

243. In accordance with its mandate under article 17 of its statute, the Commission continued to monitor the implementation by the organizations of its decisions and recommendations. It was recalled that in 1986, the Commission had decided that comprehensive monitoring reviews should be carried out once every three years, with annual reporting reserved for significant or urgent unresolved issues, in particular with respect to personnel policies. As reported to the General Assembly in 1992, that approach had been modified by ICSC in the context of the biennialization of the work programme of the Fifth Committee: starting in 1993, a comprehensive report on the implementation of ICSC decisions and recommendations would be submitted to the General Assembly every two years. 19/

244. At its thirty-seventh session, the Commission had before it a report containing a comprehensive overview of the status of implementation of its decisions and recommendations as at the end of 1992, grouped under the relevant article of the statute of ICSC. Items on which uniform application had been reported at the time of the previous monitoring exercise (1989) were not included, and others, where uniform application was already known to exist, were excluded from the survey.

245. The current implementation exercise focused on job classification and other human resources management issues, with a view to reactivating the Commission's mandate in that area as called for by the General Assembly.

246. Information on the consideration by common system organizations of ICSC annual reports was also contained in the documentation.

Views of the organizations

247. CCAQ welcomed the manner of presentation of the documentation, which provided a qualitative analysis of the validity of the Commission's recommendations, bearing in mind the different needs and resulting differences in practice that existed between organizations. CCAQ supported the thrust of the conclusions relating to personnel policies, and reiterated its willingness to build up a partnership with the Commission and its secretariat in furthering progress in the personnel policy and personnel management areas.

Discussion by the Commission

248. The Commission noted from the documentation that the overall rate of implementation of its decisions and recommendations was rather positive, particularly with regard to matters falling under articles 10, 11 and 12 of its statute. Divergencies of practice in those areas existed with respect to: the currency of the entitlement in which education grant advances and claims were computed and paid; the additional steps beyond the salary scale granted by ILO and WHO, and coordination of the implementation of General Service salary scales at the duty station level. The Commission took note of the organizations' application of the methodology approved by the Commission in 1991 20/ to determine the pensionable remuneration of ungraded officials.

249. With regard to article 13 of its statute, the Commission noted the reported high rate of implementation of both the Common Classification of Occupational Groups (CCOG) and the Master Standard for the classification of Professional and higher category posts by organization, grade level and type of duty station. (A global overview of this information is given in annex XIII below.) It further noted the secretariat's intention to review the implementation of General Service classification standards in the future. Since the use of the CCOG appeared to be limited to job classification, the Commission hoped that the ongoing review of that scheme would facilitate its application to other areas of human resources management.

250. With respect to its recommendations under article 14 of its statute, ICSC noted a more uneven picture. It recalled that it had issued a series of earlier recommendations in the areas of recruitment, training, career development, promotion and performance appraisal, anticipating that those elements would be incorporated in integrated human resources plans that would include such elements as forecasting of human resources needs, the development of skills inventories, and the optimum use of rosters and career planning. Few agencies had such coherently developed human resources plans; in others, personnel management consisted of a number of components falling under the areas of recruitment, promotion and training. While forecasting of human resources requirements and recruitment plans were in use in a number of agencies, budgetary constraints and rapidly evolving operational requirements had inhibited the ability of some agencies to predict needs accurately. For the most part, skills inventories did not exist, although most organizations had some sort of database or automated system for providing information on staff qualifications, skills, experience, nationality, gender, etc. In most organizations, rosters existed for recruitment purposes but, with two exceptions, were not coded according to the CCOG. The Commission also noted that systematic career planning and counselling were elements that were largely missing in most organizations.

251. The Commission acknowledged that organizations had in some instances felt past recommendations made by ICSC under article 14 of its statute had been too general or theoretical, and in other cases, not feasible; those recommendations were, moreover, dispersed throughout a number of different reports and therefore were not readily accessible to users. It considered that it would be useful to produce, as an outcome of its future work in the areas falling under article 14 of the statute, a consolidated policy framework for human resources management in the international civil service. In its future work in those areas, the Commission wished to build an active partnership with its interlocutors in which the respective responsibilities and authority of the Commission and the organizations were recognized and respected. Attitude surveys in the organizations were seen as one possible way of identifying the reasons for the non-acceptance of certain recommendations.

252. The Commission recalled its previous considerations of the matter of supplementary payments and deductions which fell under article 16 of the statute. Most agencies had made concerted attempts to obtain information on the practice, and a number of organizations had issued written instructions to staff on the subject. It considered that that would be a useful practice for other organizations to follow.

253. The Commission noted with appreciation the information provided on the consideration of ICSC annual reports and other ICSC-related decisions/actions by

the legislative and governing bodies of common-system organizations; that information appears in annex XIV to the present report.

254. At its thirty-eighth session, the Commission considered an issue that had arisen in regard to the General Service salary survey it had conducted in 1990. At that time, it had recommended a salary scale to the executive heads in Geneva based on decisions taken with respect to the survey. The Commission's decisions with regard to the Geneva General Service salary survey were subsequently challenged by WIPO staff in the ILO Administrative Tribunal with regard to two issues:

(a) The use of the standard Swiss tax schedule to "convert gross salary paid by an employer to non-Swiss staff whose earnings were exempt from tax and gross salary paid by two other employers who had concluded tax mitigation agreements with the inland revenue"; 21/

(b) The inclusion, in the comparison process, of "two steps, 13 and 14, granted by two Geneva-based organizations" (ILO and WHO).

255. The ILO Tribunal had endorsed the Commission's use of discretion "in declining to take account of the tax rebates that the Swiss inland revenue grant to some staff of local employers" 22/ and that the tax "rebates are irrelevant in determining the figures of local pay and on that score the complaints must fail". 23/

256. With regard to the consideration of extra within-grade steps, the Tribunal agreed that the complainants were "right in so far as they object to the counting of the within-grade step increments that the ILO and the WHO grant to General Service staff". 24/ In that regard, the Tribunal considered it to be "unfair to count benefits improperly granted to the staff of some organizations and so artificially inflate the comparative figures of pay of staff in organizations like UPOV (Union for the Protection of New Varieties of Plants) that do abide by the rules of the system". 25/

257. As a result of the decision on that case and a related case (No. 1266), the Director-General of WIPO had written to the Chairman of ICSC on 21 July 1993 requesting assistance in providing him with revised salary scales pursuant to the Tribunal decision.

258. The Commission discussed that item at its summer session in 1993 in the context of the request of the Director-General of WIPO. The representative of the United Nations informed the Commission that his Organization would implement the decision of the ILO Tribunal. The matter would be brought to the attention of the General Assembly under the item relating to administrative implications.

259. The Commission considered that it would be necessary to consult with the executive heads of the Geneva-based organizations on that issue before a response was provided to the Director-General of WIPO.

260. The Commission decided that an interim reply should be sent to the Director-General of WIPO providing him with details of the Commission's consideration of that matter. In the meantime, the executive heads of the Geneva-based organizations should be consulted. After the responses were received, the Chairman of the Commission should provide, on the basis of the ILO judgement, a new salary scale to the executive heads of the Geneva-based organizations for appropriate action.

Decisions of the Commission

261. On the basis of an analysis of the documentation presented to it, and having taken into account the views of the organizations, the Commission decided to make the following report to the General Assembly on the implementation of its decisions and recommendations:

(a) Under article 10 of its statute

- (i) CCAQ had initiated a review of the harmonization of practices among the organizations regarding the currencies of payment of the education grant;
- (ii) The World Health Assembly had taken the following decision at its session in May 1993 with regard to extra meritorious within-grade increases:
 - To endorse the decision of the WHO Director-General to amend the Staff Rules so that no new staff joining WHO after 1 March 1993 would be eligible for extra meritorious within-grade steps after 20, 25, 30 and 35 years of service;
 - To request the Director-General further to amend the Staff Rules in accordance with the Staff Regulations in order that all staff working in the WHO secretariat before 1 March 1993 and who would have been eligible for an increase should, at the time they would have been eligible for that increase, receive one within-grade increase equivalent to the amount which would have been received under the relevant staff rule provisions and receive no such increases thereafter.

The changes to the WHO Staff Regulations and Rules resulting from the Assembly's decision were subject to approval by the Executive Board of WHO at its session in January 1994.

- (iii) ICSC had requested ILO to bring its practice with respect to extra steps beyond the salary scale into line with that of the common system;

(b) Under article 11 of its statute

ICSC had taken note of the information provided by the organizations regarding the pensionable remuneration of ungraded officials;

(c) Under article 12 of its statute

ICSC had requested the organizations concerned to coordinate the implementation, at the duty station level, of the General Service salary scales recommended by the Commission;

(d) Under article 13 of its statute

The organizations had been invited to participate actively in the forthcoming revision of the CCOG and to complete the implementation of the CCOG coding scheme for all posts;

(e) Under article 14 of its statute

The organizations had been requested to reassess ways to establish links between occupational skills requirements and skills rosters of staff members;

(f) Under article 16 of its statute

Those organizations that had not already done so had been requested to issue written instructions to staff members informing them that the acceptance of supplementary payments contravened staff regulations, and all organizations had been requested to monitor the situation on an ongoing basis.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30 and Corr.1), para. 9.

2/ Ibid., Forty-fifth Session, Supplement No. 30 (A/45/30), para. 55.

3/ Ibid., Forty-seventh Session, Supplement No. 30 (A/47/30 and Corr.1), paras. 86-100.

4/ Ibid., para. 99 (b).

5/ Ibid., para. 92.

6/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), para. 88.

7/ Ibid., Forty-seventh Session, Supplement No. 30 (A/47/30 and Corr.1), para. 99 (c).

8/ Ibid., Forty-eighth Session, Supplement No. 9 (A/48/9).

9/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), para. 88.

10/ Ibid., Forty-seventh Session, Supplement No. 30 (A/47/30 and Corr.1), para. 99 (c).

11/ Ibid., paras. 131-143.

12/ Ibid., para. 143.

13/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, para. 173 (d).

14/ Ibid., Forty-seventh Session, Supplement No. 30 (A/47/30 and Corr.1), paras. 208-232.

15/ Ibid., para. 233.

16/ Ibid., Thirty-ninth Session, Supplement No. 30 (A/39/30), para. 222.

17/ Ibid., Thirty-sixth Session, Supplement No. 30 (A/36/30), para. 211.

Notes (continued)

18/ Ibid., Forty-seventh Session, Supplement No. 30 (A/47/30 and Corr.1), paras. 296 and 297.

19/ Ibid., para. 29 (a).

20/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, paras. 64 and 71 (b).

21/ ILO Tribunal Judgement No. 1266, sect. A.

22/ ILO Tribunal Judgement No. 1266, para. 31.

23/ Ibid., para. 34.

24/ Ibid., para. 35.

25/ Ibid., para. 36.

ANNEXES

ANNEX I

Comparison of pensionable remuneration

A. Comparison of pensionable remuneration amounts based on average amounts for the calendar year 1993

Grade	Pensionable remuneration amount (in United States dollars)		United Nations/ United States ratio	Weights for calculation of overall ratio <u>c/</u>
	United Nations <u>a/</u>	United States <u>b/</u>		
P-1	43 119	28 556	151.0	1.2
P-2	57 360	40 877	140.3	10.9
P-3	71 601	53 197	134.6	24.2
P-4	85 804	65 578	130.8	29.3
P-5	100 083	77 839	128.6	23.2
D-1	114 324	90 159	126.8	8.5
D-2	128 565	102 480	125.5	2.7
Weighted average ratio before adjustment for New York/ Washington cost-of-living differential			132.0	
Weighted average ratio adjusted for New York/Washington cost-of-living differential (revised methodology: 116.4)			113.4	
(PAI-based methodology: 111.6)			118.3	

a/ Regressed average United Nations salaries by grade.

b/ Regressed average salaries based on Washington, D.C. area United States federal civil service in comparable positions provided by the Office of Personnel Management to reflect published salary scales effective January 1993.

c/ These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at headquarters and established offices as at 31 December 1991.

B. United Nations/United States income replacement ratios

Grade	Period 1991-1993					
	Average net remuneration (United States dollars)		Pension benefit 31 December 1993 (United States dollars)		Income replacement ratios	
	United Nations (a)	United States <u>a/</u> (b)	United Nations (c)	United States <u>a/</u> (d)	United Nations (c/a)	United States (d/b)
P-1	38 467	24 874	19 470	13 083	51	53
P-2	48 114	33 198	24 996	17 819	52	54
P-3	58 343	41 333	31 418	22 533	54	55
P-4	69 768	53 097	38 233	29 846	55	56
P-5	80 937	63 427	45 597	35 939	56	57
D-1	88 487	75 485	49 938	44 408	56	59
D-2	94 735	78 872	53 847	46 600	57	59
Weighted average					55	56

a/ The average net remuneration and pension benefits figures for United States federal civil service employees exclude data for medical doctors belonging to the Commission Corps, since part of their pay is non-pensionable and the pension benefit accumulation formula applicable to them is significantly different from that applicable to other United States federal civil service employees in the Civil Service Retirement Scheme. For those in the Scheme, pension benefit after 25 years of service corresponds to 46.25 per cent of the average pensionable remuneration.

ANNEX II

Indicative common staff assessment scale showing dependency and single rates

Assessable salary (United States dollars)	Marginal rates	
	Dependant	Single
	(Percentage)	
Up to 4 000	10	16
4 000 - 8 000	11	17
8 001 - 12 000	12	18
12 001 - 16 000	14	19
16 001 - 20 000	16	20
20 001 - 26 000	18	21
26 001 - 32 000	21	22
32 001 - 40 000	22	24
40 001 - 48 000	24	26
48 001 - 56 000	27	28
56 001 - 66 000	28	30
66 001 - 76 000	29	32
76 001 - 90 000	30	34
90 001 - 110 000	31	37
Over 110 000	33	40

Impact of common staff assessment rates on the pensionable remuneration of staff in grades P-1 to D-2
(United States dollars)

Table A. Current pensionable remuneration scale and net dependency rate salary amounts in New York

D-2	PR	11512	118285	120898	123612	126387	129224
	Net D	94606	96451	98296	100139	101984	103829
D-1	PR	101845	104153	106509	108818	111181	113525
	Net D	84872	86451	88031	89609	91189	92769
P-5	PR	90409	92481	94465	96487	98581	100523
	Net D	76012	77442	78871	80301	81731	83159
P-4	PR	74327	76297	78255	80121	82150	84103
	Net D	64201	65596	66989	68382	69777	71170
P-3	PR	60902	62794	64621	66365	68164	69940
	Net D	53909	55219	56529	57837	59147	60455
P-2	PR	49223	50796	52285	53882	55477	56932
	Net D	44696	45868	47038	48210	49381	50551
P-1	PR	38599	39924	41097	42294	43613	44796
	Net D	35382	36508	37633	38760	39884	41009

Table B. Pensionable remuneration scale based on income replacement (46.25 per cent) and common staff assessment scale a/

[illegible]

Table C. Increase/decrease in pensionable remuneration based on the comparison of amounts in tables A and B

	0.86	0.63	0.55	0.42	0.24	0.02	0.31	0.18	0.01	-0.43	-0.50	-0.60	-0.72	-0.55
D-2	0.86	0.63	0.55	0.42	0.24	0.02	0.31	0.18	0.01	-0.43	-0.50	-0.60	-0.72	-0.55
D-1	1.33	1.13	0.93	0.77	0.58	0.41	0.22	-0.23	-0.39	0.05	0.48	0.28	0.04	-0.24
P-5	1.25	1.01	0.88	0.72	0.49	0.42	0.22	0.62	0.40	0.05	1.03	0.93	0.75	0.54
P-4	2.61	2.30	2.03	1.88	1.54	1.30	1.06	0.83	1.22	1.73	2.07	2.37		0.29
P-3	3.69	3.20	2.85	2.65	2.38	2.18	1.83	2.46	1.95					
P-2	4.95	4.52	4.27	3.83	3.50	3.45	3.18	3.84	3.34					
P-1	4.59	4.48	4.75	5.03	4.99	5.28	5.03	3.84	3.34	3.16				

a/ Using dependency staff assessment rates from the indicative common scale in annex II above.

ANNEX IV

Impact of indicative common staff assessment rates on General Service pensionable remuneration in New York (United States dollars)

Table A. General Service gross and net salaries in New York
effective 1 September 1992 a/

GS-7	PR	44546	46307	48078	49849	51621	53392	55171	56954	58738	60521	62307
	Net	33981	35274	36567	37860	39153	40446	41739	43032	44325	45618	46911
GS-6	PR	40167	41756	43346	44935	46527	48127	49727	51327	52927	54531	56142
	Net	30763	31931	33099	34267	35435	36603	37771	38939	40107	41275	42443
GS-5	PR	36186	37616	39053	40493	41932	43371	44811	46252	47701	49151	50600
	Net	27828	28886	29944	31002	32060	33118	34176	35234	36292	37350	38408
GS-4	PR	32626	33918	35209	36501	37793	39093	40393	41694	42995	44295	45596
	Net	25193	26149	27105	28061	29017	29973	30929	31885	32841	33797	34753
GS-3	PR	29396	30561	31726	32897	34070	35243	36416	37589	38767	39948	41129
	Net	22790	23658	24526	25394	26262	27130	27998	28866	29734	30602	31470
GS-2	PR	26499	27552	28604	29656	30709	31761	32819	33878	34938	35997	
	Net	20632	21416	22200	22984	23768	24552	25336	26120	26904	27688	
GS-1	PR	23880	24825	25771	26721	27672	28624	29576	30528	31479		
	Net	18670	19379	20088	20797	21506	22215	22924	23633	24342		

Table B. Gross pensionable salary based on the income replacement approach
(56.25 per cent) and January 1992 staff assessment rates for the
General Service staff b/

GS-7	43506	45230	46960	48695	50430	52165	53902	55637	57376	59124	60871
GS-6	39216	40773	42331	43888	45445	47008	48576	50144	51712	53278	54846
GS-5	35307	36713	38124	39534	40946	42356	43767	45177	46590	48011	49431
GS-4	31838	33097	34354	35612	36887	38162	39436	40711	41986	43260	44535
GS-3	28677	29819	30962	32103	33244	34388	35529	36686	37844	39001	40158
GS-2	25872	26889	27908	28932	29964	30996	32027	33058	34091	35122	
GS-1	23323	24244	25164	26085	27006	27927	28853	29787	30718		

Table C. Gross pensionable salary based on income replacement (56.25 per cent)
and indicative common staff assessment rates b/ c/

GS-7	41664	43300	44937	46578	48236	49893	51552	53209	54868	56524	58217
GS-6	37591	39068	40548	42025	43504	44983	46464	47961	49460	50956	52453
GS-5	33897	35218	36553	37893	39232	40571	41911	43250	44588	45929	47282
GS-4	30603	31797	32992	34187	35383	36590	37801	39010	40220	41431	42642
GS-3	27609	28684	29769	30853	31938	33024	34108	35193	36288	37387	38485
GS-2	24944	25913	26880	27849	28821	29801	30780	31762	32741	33721	
GS-1	22523	23397	24274	25148	26023	26900	27774	28652	29538		

Table D. Comparison of pensionable remuneration amounts in tables B and C

GS-7	-4.23	-4.27	-4.31	-4.35	-4.35	-4.36	-4.36	-4.36	-4.37	-4.40	-4.36
GS-6	-4.14	-4.18	-4.21	-4.25	-4.27	-4.31	-4.35	-4.35	-4.36	-4.36	-4.36
GS-5	-3.99	-4.07	-4.12	-4.15	-4.19	-4.21	-4.24	-4.27	-4.30	-4.34	-4.35
GS-4	-3.88	-3.93	-3.96	-4.00	-4.08	-4.12	-4.15	-4.18	-4.20	-4.23	-4.25
GS-3	-3.73	-3.80	-3.85	-3.89	-3.93	-3.97	-4.00	-4.07	-4.11	-4.14	-4.17
GS-2	-3.59	-3.63	-3.68	-3.74	-3.81	-3.85	-3.89	-3.92	-3.96	-3.99	
GS-1	-3.43	-3.49	-3.54	-3.59	-3.64	-3.68	-3.74	-3.81	-3.84		

a/ Gross salaries are used for determining the pensionable remuneration under article 54 (a) of the Regulations of the United Nations Joint Staff Pension Fund.

b/ Gross pensionable salaries are proposed to be used for determining the pensionable remuneration under article 54 (a) of the Regulations of the Pension Fund.

c/ Single staff assessment rates are used from the indicative common scale in annex II above.

ANNEX V

Sample salary scale for a duty station having a non-pensionable component

(United States dollars)

Level/step	1	2	3	4	5	6	7	8	9	10	11
1 Gross salary	75 170	77 712	80 254	82 797	85 339	87 881	90 423	92 965	95 507	98 050	100 592
Gross pensionable salary	57 392	59 239	61 086	62 938	64 849	66 760	68 671	70 583	72 494	74 405	76 317
Net salary	65 570	67 680	69 790	71 900	74 010	76 120	78 230	80 340	82 450	84 560	86 670
Non-pensionable allowance	14 491	14 957	15 424	15 890	16 356	16 823	17 289	17 755	18 221	18 688	19 154
Gross salary	86 592	89 495	92 399	95 303	98 206	101 110	104 013	106 913	109 866	112 778	115 691
Gross pensionable salary	65 791	67 974	70 157	72 340	74 523	76 706	78 889	81 072	83 255	85 438	87 621
Net salary	75 050	77 460	79 870	82 280	84 690	87 100	89 510	91 920	94 330	96 740	99 150
Non-pensionable allowance	16 586	17 119	17 651	18 184	18 716	19 249	19 782	20 314	20 847	21 380	21 912
Gross salary	99 724	103 038	106 366	109 803	113 240	116 678	120 115	123 553	126 991	130 428	133 866
Gross pensionable salary	75 664	78 155	80 646	83 137	85 628	88 119	90 610	93 101	95 592	98 083	100 574
Net salary	85 950	88 700	91 450	94 200	96 950	99 700	102 450	105 200	107 950	110 700	113 450
Non-pensionable allowance	18 995	19 603	20 210	20 818	21 426	22 034	22 641	23 249	23 857	24 465	25 072
Gross salary	114 678	118 640	122 603	126 566	130 528	134 490	138 453	142 415	146 377	150 340	154 303
Gross pensionable salary	86 670	89 541	92 413	95 284	98 156	101 027	103 899	106 770	109 641	112 513	115 384
Net salary	98 100	101 270	104 440	107 610	110 780	113 950	117 120	120 290	123 460	126 630	129 800
Non-pensionable allowance	21 680	22 381	23 081	23 782	24 482	25 183	25 884	26 584	27 285	27 985	28 686
Gross salary	132 528	137 303	142 098	146 896	151 693	156 491	161 288	166 086	170 883	175 681	180 478
Gross pensionable salary	99 605	103 065	106 525	109 986	113 446	116 906	120 366	123 826	127 286	130 746	134 206
Net salary	112 380	116 200	120 020	123 840	127 660	131 480	135 300	139 120	142 940	146 760	150 580
Non-pensionable allowance	24 836	25 680	26 524	27 369	28 213	29 057	29 901	30 746	31 590	32 434	33 278
Gross salary	152 855	158 483	164 111	169 739	175 368	180 996	186 624	192 252	197 881	203 509	209 137
Gross pensionable salary	114 125	118 102	122 078	126 072	130 092	134 132	138 188	142 253	146 326	150 399	154 472
Net salary	128 410	132 800	137 190	141 580	145 970	150 360	154 750	159 140	163 530	167 920	172 310
Non-pensionable allowance	28 379	29 349	30 319	31 289	32 259	33 230	34 200	35 170	36 140	37 110	38 081
Gross salary	180 791	187 381	193 970	200 560	207 150	213 740	220 330	226 920	233 510	240 100	246 690
Gross pensionable salary	134 162	138 986	143 811	148 635	153 459	158 283	163 107	167 931	172 756	177 580	182 404
Net salary	150 200	155 340	160 480	165 620	170 760	175 900	181 040	186 180	191 320	196 460	201 600
Non-pensionable allowance	33 194	34 330	35 466	36 602	37 738	38 874	40 010	41 146	42 282	43 418	44 554

ANNEX VI

Analysis of impact of change in the determination of pensionable remuneration of General Service staff

Net salary (United States dollars)	Corresponding Professional pensionable remuneration			Corresponding General Service pensionable remuneration								
	1991 Professional SA scale and 46.25%			1991 GS SA scale			1992 GS SA scale and 100%			1992 GS SA scale and 66.25%		
	\$ (2)	Index (3)	Index (4)	\$ (5)	Index (6)	Index (7)	\$ (8)	Index (9)	Index (10)	\$ (11)	Index (12)	Index (13)
1 000	1 042	93.79	1 111	100	1 124	101.17	1 176	105.85	1 176	105.85	1 191	107.20
"	"	100.00	"	106.62	"	107.87	"	112.86	"	112.86	"	114.30
5 000	5 208	93.72	5 557	100	5 807	104.50	6 076	109.34	5 988	107.76	5 954	107.14
"	"	100.00	"	106.70	"	111.50	"	116.67	"	114.98	"	114.32
10 000	10 417	93.52	11 139	100	12 157	109.14	12 468	111.93	12 279	110.23	11 976	107.51
"	"	100.00	"	106.93	"	116.70	"	119.69	"	117.87	"	114.97
20 000	20 833	92.86	22 436	100	25 723	114.65	25 653	114.34	25 203	112.33	24 246	108.07
"	"	100.00	"	107.69	"	123.47	"	123.14	"	120.98	"	116.38
30 000	31 250	91.97	33 978	100	40 235	118.41	39 129	115.16	38 473	113.22	36 829	108.39
"	"	100.00	"	108.73	"	128.75	"	125.21	"	123.11	"	117.85
40 000	43 514	94.73	45 933	100	55 750	121.37	52 781	114.91	51 912	113.02	49 653	108.10
"	"	100.00	"	105.56	"	128.12	"	121.30	"	119.30	"	114.11
50 000	56 144	96.47	58 201	100	71 375	122.64	66 597	114.43	65 481	112.51	62 875	108.03
"	"	100.00	"	103.66	"	127.13	"	118.62	"	116.63	"	111.99
60 000	69 477	98.02	70 880	100	87 000	122.74	80 634	113.76	79 152	111.67	76 500	107.93
"	"	100.00	"	102.02	"	125.22	"	116.06	"	113.93	"	110.11
70 000	83 213	99.42	83 702	100	102 625	122.61	94 718	113.16	92 930	111.02	90 555	108.19
"	"	100.00	"	100.59	"	123.33	"	113.83	"	111.68	"	108.82

Net salary (United States dollars)	Corresponding Professional pensionable remuneration					Corresponding General Service pensionable remuneration								
	1991 Professional SA scale and 46.25%			Common SA scale and 46.25%		1991 GS SA scale			1992 GS SA scale and 100%		1992 GS SA scale and 66.25%		Common SA scale and 66.25%	
	\$	Index		\$	Index	\$	Index	\$	Index	\$	Index	\$	Index	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
80 000	97 297	100.53	96 785	100		118 250	122.18	108 803	112.42	106 830	110.38	104 995	108.48	
"	"	100.00	"	99.47		"	121.54	"	111.83	"	109.80	"	107.91	
90 000	111 382	101.08	110 197	100		133 875	121.49	122 887	111.52	120 915	109.73	119 852	108.76	
"	"	100.00	"	98.94		"	120.19	"	110.33	"	108.56	"	107.60	
100 000	125 756	101.47	123 933	100		149 500	120.83	136 972	110.52	134 999	108.93	135 002	108.93	
"	"	100.00	"	98.55		"	118.88	"	108.92	"	107.35	"	107.35	
110 000	140 461	101.91	137 823	100		165 125	119.81	151 056	109.60	149 084	108.87	150 836	109.40	
"	"	100.00	"	98.12		"	117.56	"	107.54	"	106.14	"	107.39	
120 000	155 168	102.17	151 874	100		180 750	119.01	165 141	108.74	163 167	107.44	166 743	109.79	
"	"	100.00	"	97.88		"	116.49	"	106.43	"	105.16	"	107.46	

Note: SA = staff assessment.

Note: SA = staff assessment.

Explanatory notes for annex VI analysing the impact of change
in the pensionable remuneration methodology for the General
Service staff

1. Corresponding to each net salary amount in column 1, there are two rows of figures: the first row uses the Professional PR results under a common staff assessment scale (columns 4 and 5) as the comparison base, i.e., index = 100; the second row uses the professional PR results under the 1991 Professional staff assessment scale (columns 2 and 3) as the comparison base, i.e. index = 100.n.
2. The differences between columns 4 and 2 represent the impact of a common staff assessment scale for the Professional PR amounts (index differences are shown in columns 5 and 3).
3. The differences between columns 6 and 2 represent the General Service/Professional income inversion problem in 1991 in terms of dollar amounts (index differences are shown in columns 7 and 3).
4. The differences between columns 8 and 6 represent the impact on General Service PR of the 1992 staff assessment scale (index differences are shown in columns 9 and 7).
5. The differences between columns 10 and 8 represent the impact of the introduction of the 56.25 per cent grossed-up factor with the 1992 General Service staff assessment scale (index differences are shown in columns 11 and 9).
6. The differences in columns 12 and 10 represent the impact of the common staff assessment scale, together with the 56.25 per cent factor (index differences are shown in columns 13 and 11).
7. The differences between columns 12 and 6 represent the impact of all the changes on the General Service PR (the index differences are shown in columns 13 and 7).
8. The overall reduction in the General Service/Professional income inversion problem is shown, in dollar terms, in the comparison of the amounts in columns 12 and 4 and the comparison before any changes reflected in columns 6 and 2 (the corresponding index comparisons are shown in columns 13 as against columns 3 and 5).

ANNEX VII

Evolution of General Service gross pensionable salaries
in New York to 1997 a/
(various scenarios tested)

(United States dollars)

Table A. Gross and net salaries effective 1 September 1992

GS-7 PR	44546	46307	48078	49849	51621	53392	55171	56954	58738	60521	62307
Net	33981	35274	36567	37860	39153	40446	41739	43032	44325	45618	46911
GS-6 PR	40167	41756	43346	44935	46527	48127	49727	51327	52927	54531	56142
Net	30763	31931	33099	34267	35435	36603	37771	38939	40107	41275	42443
GS-5 PR	36186	37616	39053	40493	41932	43371	44811	46252	47701	49151	50600
Net	27828	28886	29944	31002	32060	33118	34176	35234	36292	37350	38408
GS-4 PR	32626	33918	35209	36501	37793	39093	40393	41694	42995	44295	45596
Net	25193	26149	27105	28061	29017	29973	30929	31885	32841	33797	34753
GS-3 PR	29396	30561	31726	32897	34070	35243	36416	37589	38767	39948	41129
Net	22790	23658	24526	25394	26262	27130	27998	28866	29734	30602	31470
GS-2 PR	26499	27552	28604	29656	30709	31761	32819	33878	34938	35997	
Net	20632	21416	22200	22984	23768	24552	25336	26120	26904	27688	
GS-1 PR	23880	24825	25771	26721	27672	28624	29576	30528	31479		
Net	18670	19379	20088	20797	21506	22215	22924	23633	24342		

Table B. Net salaries effective 1 September 1993, assuming
a 3 per cent increase

GS-7	35000	36332	37664	38996	40328	41659	42991	44323	45655	46987	48318
GS-6	31686	32889	34092	35295	36498	37701	38904	40107	41310	42513	43716
GS-5	28663	29753	30842	31932	33022	34112	35201	36291	37381	38471	39560
GS-4	25949	26933	27918	28903	29888	30872	31857	32842	33826	34811	35796
GS-3	23474	24368	25262	26156	27050	27944	28838	29732	30626	31520	32414
GS-2	21251	22058	22866	23674	24481	25289	26096	26904	27711	28519	
GS-1	19230	19960	20691	21421	22151	22881	23612	24342	25072		

Table C. Gross salaries based on net amounts in table B - using
100 per cent income replacement and current
(January 1992) staff assessment rates

GS-7	45933	47756	49581	51405	53230	55061	56898	58735	60572	62412	64262
GS-6	41423	43060	44697	46336	47984	49632	51280	52928	54580	56239	57898
GS-5	37315	38793	40275	41758	43241	44723	46207	47700	49193	50686	52178
GS-4	33647	34978	36308	37639	38976	40316	41656	42995	44335	45675	47021
GS-3	30314	31514	32719	33927	35135	36343	37551	38765	39981	41197	42414
GS-2	27330	28414	29498	30582	31666	32755	33846	34937	36029	37120	
GS-1	24627	25600	26578	27558	28538	29519	30499	31479	32463		

a/ Under the Regulations of the United Nations Joint Staff Pension Fund, gross salary is used as one of the elements for determining the pensionable remuneration of General Service staff. Under the proposed system, gross pensionable salary will be used instead of gross salaries. For further details, see article 54 (a) of the Regulations of the Fund.

Table D. Net salaries effective 1 September 1994, assuming a 4 per cent increase

GS-7	36400	37786	39171	40556	41941	43326	44711	46096	47481	48866	50251
GS-6	32953	34204	35456	36707	37958	39209	40460	41711	42963	44214	45465
GS-5	29809	30943	32076	33209	34343	35476	36609	37743	38876	40009	41143
GS-4	26987	28011	29035	30059	31083	32107	33131	34155	35179	36203	37227
GS-3	24413	25342	26272	27202	28132	29062	29991	30921	31851	32781	33711
GS-2	22101	22941	23781	24620	25460	26300	27140	27980	28820	29659	
GS-1	19999	20759	21518	22278	23037	23797	24556	25316	26075		

Table E. Gross pensionable salaries based on net amounts in table D - using 66.25 per cent income replacement and current (January 1992) staff assessment rates

GS-7	47056	48920	50791	52663	54535	56407	58285	60169	62053	63938	65822
GS-6	42429	44109	45788	47468	49153	50844	52534	54225	55916	57608	59311
GS-5	38216	39731	41252	42773	44294	45816	47337	48862	50393	51925	53456
GS-4	34453	35818	37184	38549	39919	41294	42668	44043	45417	46792	48166
GS-3	31021	32260	33500	34740	35980	37219	38459	39702	40950	42198	43446
GS-2	27968	29073	30178	31298	32417	33537	34657	35777	36897	38016	
GS-1	25203	26202	27201	28201	29200	30199	31212	32225	33237		

Table F. Impact of the introduction of the income replacement approach - comparison of data in tables C and E

GS-7	2.45	2.44	2.44	2.45	2.45	2.44	2.44	2.44	2.45	2.44	2.43
GS-6	2.43	2.44	2.44	2.44	2.44	2.44	2.45	2.45	2.45	2.43	2.44
GS-5	2.42	2.42	2.42	2.43	2.44	2.44	2.44	2.44	2.44	2.45	2.45
GS-4	2.39	2.40	2.41	2.42	2.42	2.42	2.43	2.44	2.44	2.45	2.44
GS-3	2.33	2.37	2.39	2.40	2.40	2.41	2.42	2.42	2.42	2.43	2.43
GS-2	2.33	2.32	2.31	2.34	2.37	2.39	2.40	2.40	2.41	2.42	
GS-1	2.34	2.35	2.34	2.33	2.32	2.31	2.34	2.37	2.39		

Table G. Net salaries effective 1 September 1996, assuming a 4 per cent increase in 1995 and 1996

GS-7	39371	40869	42367	43865	45363	46861	48359	49857	51355	52853	54352
GS-6	35642	36996	38349	39702	41055	42409	43762	45115	46468	47822	49175
GS-5	32242	33468	34693	35919	37145	38371	39597	40822	42048	43274	44500
GS-4	29189	30296	31404	32512	33619	34727	35835	36942	38050	39158	40265
GS-3	26405	27410	28416	29422	30427	31433	32439	33444	34450	35456	36461
GS-2	23904	24813	25721	26629	27538	28446	29355	30263	31171	32080	
GS-1	21631	22453	23274	24096	24917	25739	26560	27381	28203		

Table H. Gross pensionable salaries effective 1 September 1996, assuming a 4 per cent adjustment in 1995 and 1996 of the gross pensionable salaries in table E

GS-7	50896	52912	54936	56960	58985	61009	63041	65079	67117	69155	71193
GS-6	45892	47708	49525	51341	53164	54992	56821	58650	60479	62309	64150
GS-5	41335	42973	44618	46263	47909	49554	51200	52849	54505	56162	57818
GS-4	37264	38741	40218	41695	43176	44663	46150	47637	49123	50610	52097
GS-3	33552	34893	36234	37575	38916	40256	41597	42941	44291	45641	46991
GS-2	30250	31445	32641	33852	35063	36274	37485	38696	39907	41118	
GS-1	27259	28340	29421	30502	31583	32664	33759	34854	35949		

Table I. Net salaries effective 1 September 1997, assuming a 4 per cent increase in 1997

GS-7	40946	42504	44062	45620	47178	48736	50294	51852	53410	54968	56526
GS-6	37068	38475	39883	41290	42698	44105	45512	46920	48327	49734	51142
GS-5	33531	34806	36081	37356	38631	39906	41181	42455	43730	45005	46280
GS-4	30356	31508	32660	33812	34964	36116	37268	38420	39572	40724	41876
GS-3	27461	28507	29553	30599	31645	32690	33736	34782	35828	36874	37920
GS-2	24861	25805	26750	27695	28639	29584	30529	31473	32418	33363	
GS-1	22496	23351	24205	25059	25914	26768	27622	28477	29331		

Table J. Gross pensionable salaries using net salaries in table I in conjunction with the income replacement approach (66.25 per cent) and the common staff assessment scale

GS-7	50897	52947	54997	57047	59097	61167	63273	65378	67484	69589	71694
GS-6	45859	47663	49498	51350	53202	55054	56905	58757	60615	62517	64419
GS-5	41325	42959	44594	46228	47862	49528	51206	52883	54561	56238	57915
GS-4	37279	38738	40208	41685	43162	44638	46115	47592	49089	50605	52121
GS-3	33614	34938	36262	37586	38910	40247	41587	42928	44269	45610	46951
GS-2	30323	31519	32714	33910	35106	36302	37498	38693	39897	41109	
GS-1	27366	28434	29502	30574	31656	32737	33819	34900	35981		

Table K. Impact of the common staff assessment scale - comparison of gross pensionable salaries in tables J and H

GS-7	0.00	0.07	0.11	0.15	0.19	0.26	0.37	0.46	0.55	0.63	0.70
GS-6	-0.07	-0.09	-0.05	0.02	0.07	0.11	0.15	0.18	0.23	0.33	0.42
GS-5	-0.02	-0.03	-0.05	-0.08	-0.10	-0.05	0.01	0.06	0.10	0.14	0.17
GS-4	0.04	-0.01	-0.02	-0.02	-0.03	-0.06	-0.07	-0.09	-0.07	-0.01	0.05
GS-3	0.19	0.13	0.08	0.03	-0.01	-0.02	-0.02	-0.03	-0.05	-0.07	-0.09
GS-2	0.24	0.23	0.23	0.17	0.12	0.08	0.03	-0.01	-0.02	-0.02	
GS-1	0.39	0.33	0.27	0.24	0.23	0.23	0.18	0.13	0.09		

ANNEX VIII

Comparison of average net remuneration of United Nations
officials in New York and United States officials in
Washington, D.C. by equivalent grades

(1 January-31 December 1993)

Grade (1)	Net remuneration		United Nations/ United States ratio (United States, Washington = 100) (4)	Weights for calculation of overall ratio c/ (5)
	United Nations a/ (2)	United States b/ (3)		
(United States dollars)				
P-1	40274	21660	186.0	1.2
P-2	50895	32935	154.5	10.9
P-3	61517	44210	139.2	24.2
P-4	72138	55485	130.0	29.3
P-5	82760	66760	124.0	23.2
D-1	93381	78035	119.7	8.5
D-2	104002	89310	116.5	2.7
Weighted average ratio, before adjustment for New York/Washington, D.C. cost-of-living differential: 132.9				
New York/Washington, D.C. cost-of-living ratio: 116.4				
Weighted average ratio adjusted for cost-of-living difference: 114.2				

a/ Regressed average United Nations salaries by grade reflecting two months at multiplier 51.6, eight months at multiplier 41.8 and two months at multiplier 44.2.

b/ Regressed average salaries based on Washington area United States federal civil service in comparable positions provided by the Office of Personnel Management to reflect published salary scales effective January 1993.

c/ These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 1991.

ANNEX IX

Recommended General Service salary scale for Paris
(Survey reference date: 1 April 1993)

(French francs)

Grade/ Step-->	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
GS-6	191739	198258	204777	211296	217815	224334	230853	237372	243891	250410	256929	263448	269967	276486		
GS-5	172582	178450	184318	190186	196054	201922	207790	213658	219526	225394	231262	237130	242998	248866	254734	
GS-4	155339	160621	165903	171185	176467	181749	187031	192313	197595	202877	208159	213441	218723	224005	229287	234569
GS-3	139819	144573	149327	154081	158835	163589	168343	173097	177851	182605	187359	192113	196867	201621	206375	
GS-2	125850	130129	134408	138687	142966	147245	151524	155803	160082	164361	168640	172919	177198	181477		
GS-1	113479	117337	121195	125053	128911	132769	136627	140485	144343	148201	152059	155917	159775	163633		

ANNEX X

Proposed staff assessment rates to be used in conjunction with gross base salaries for the Professional and higher categories of staff: estimated reduction in staff assessment income - 10 per cent

Total assessable payments (United States dollars)	Staff assessment rates used in conjunction with gross base salaries	
	Staff member with a dependent spouse or a dependent child	Staff member with neither a dependent spouse nor a dependent child
First 15 000 per year	9.0	12.5
Next 5 000 per year	21.0	27.0
Next 5 000 per year	25.0	30.4
Next 5 000 per year	29.0	34.7
Next 5 000 per year	32.0	37.0
Next 10 000 per year	35.0	40.7
Next 10 000 per year	37.0	42.8
Next 10 000 per year	39.0	44.5
Next 10 000 per year	40.0	45.4
Next 15 000 per year	41.0	46.9
Next 20 000 per year	42.0	51.6
Remaining assessable payments	43.0	52.0

ANNEX XI

Gross and net salaries for the Professional and higher categories resulting from the staff assessment scale in annex X

(United States dollars)

Level	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DSG															
Gross	133270														
Net dependency	86914														
Net single	78145														
ASG															
Gross	120642														
Net dependency	79716														
Net single	72083														
D-2															
Gross	98036	100279	102522	104764	107007	109250									
Net dependency	66711	68012	69313	70613	71914	73215									
Net single	61185	62270	63356	64441	65526	66612									
D-1															
Gross	86266	88154	90043	91960	93881	95802	97722	99643	101562						
Net dependency	59847	60941	62075	63187	64301	65415	66529	67643	68756						
Net single	55312	56315	57316	58244	59173	60103	61033	61962	62891						
P-5															
Gross	75678	77386	79095	80803	82512	84219	85927	87636	89342	91049	92807	94543	96281		
Net dependency	53600	54608	55616	56624	57632	58639	59647	60655	61662	62670	63678	64685	65693		
Net single	49690	50597	51504	52412	53319	54225	55132	56040	56946	57812	58654	59494	60335		
P-4															
Gross	61838	63451	65062	66698	68338	69975	71613	73252	74890	76533	78177	79886	81551	83217	84883
Net dependency	45271	46255	47237	48219	49203	50185	51168	52151	53134	54116	55098	56083	57065	58048	59031
Net single	42115	43010	43904	44797	45693	46586	47481	48375	49270	50154	51038	51925	52809	53693	54578
P-3															
Gross	50102	51567	53033	54497	55955	57508	59021	60536	62049	63564	65078	66617	68155	69693	71233
Net dependency	38014	38937	39861	40783	41707	42630	43553	44477	45400	46324	47247	48170	49093	50016	50940
Net single	35518	36356	37195	38032	38872	39712	40552	41393	42232	43073	43913	44753	45593	46433	47273
P-2															
Gross	39949	41222	42491	43762	45032	46343	47654	48963	50276	51586	52895	54208			
Net dependency	31517	32344	33169	33995	34820	35646	36472	37297	38124	38949	39774	40601			
Net single	29605	30359	31112	31866	32618	33368	34118	34867	35618	36367	37116	37867			
P-1															
Gross	30072	31241	32407	33575	34741	35949	37172	38392	39612	40834					
Net dependency	24949	25744	26537	27331	28124	28917	29712	30505	31298	32092					
Net single	23565	24302	25037	25772	26507	27233	27958	28682	29405	30129					

ANNEX XII

Guidelines for the evaluation of training

1. The purpose of these guidelines is to set out specific principles and approaches which will be of practical use in assessing the effectiveness of the training programmes and activities of organizations. (The term "training programme" is used here to mean a planned series of formal or on-the-job training activities. "Training activities" means training courses or specific, planned on-the-job training sessions.)

2. The effectiveness of training may be evaluated on four levels:

- Reaction: did the participants like the training, find it relevant, etc.? Since this type of evaluation is nearly always undertaken and, in any case, does not measure effectiveness, it is not specifically addressed in the guidelines.
- Learning: has the knowledge, skill or attitude (KSA) to be imparted been acquired?
- Application: is what has been learned being applied on the job?
- Impact: is the work unit (and ultimately the organization) more effective as a result?

Since the object of training is to improve individual performance, leading to organizational effectiveness, impact evaluation is the most important. It is also the most problematic, for two reasons. First, it is more difficult to isolate the factors contributing to organizational effectiveness and to attribute specific improvements to training. Second, not all organizations have well-developed human resources management policies which would complement the effects of training, so that even good training programmes may have limited impact.

3. It goes without saying that training, and the evaluation of training, will be more rewarding in organizations in which there are integrated human resources policies and systems, covering all stages of human resources management from recruitment through career development and training to performance management and accountability. If such policies are absent or limited, however, it is still vital that training be evaluated along the lines indicated in the guidelines below.

4. These guidelines are intended to be applicable in principle to all levels of effectiveness evaluation, but most of the detail is concerned with evaluation of learning and application, that is, effective transfer of skills from the workshop to the workplace.

5. The first requirement is for trainers and line managers to agree as to what improvements in the organization's performance are to be sought as a result of training. There must always be a needs analysis to determine the improvements which are needed in the organization's effectiveness and the gaps in knowledge, skills and attitudes on the part of individuals which must be closed in order to achieve those improvements.

6. This information may be obtained from an organization-wide analysis of training needs. It may also be an ad hoc attempt to address a specific problem, that is, a need to make some organizational unit or a specific activity of the organization more effective. Trainer and line manager must agree that the problem is capable of being addressed through training, that is, that the improvement sought is likely to be achieved as a result of a better level of knowledge, skills or attitudes on the part of staff.

7. The corollary of this analysis of needs and identification of improvements is that those undertaking it should be able to state, at this stage, what outcomes will be considered evidence of success and how those outcomes will be measured.

8. Second, specific behavioral or learning objectives should be set for the training, i.e., the knowledge, skills and attitudes which it is hoped the proposed trainees will possess after the training. Without this step, evaluation of the training is impossible, because it is not clear what the training was intended to achieve.

9. Third, to evaluate learning, select and apply appropriate measures to test the acquisition of the knowledge, skills and attitudes. Such measures might include questionnaires, tests or supervised tasks at the end of the training. Of course, some skills (e.g., language proficiency or computer skills) are much easier to evaluate at the learning level than others, such as management skills. That only means that the measures to be used are more obvious and clear-cut in those cases; it is not an argument for not attempting to assess whether the less tangible skills have been learned.

10. Fourth, to evaluate application, assess the extent to which the trainees' behaviour has changed in the workplace, i.e., the extent to which he/she is applying the specific knowledge, skills and attitudes to the job. There are a number of tools which can help in this assessment. These include letters or questionnaires designed to elicit reports by the trainees themselves or by their supervisors; surveys; and structured interviews with the trainees and/or their supervisors. Ideally, performance evaluation reports should provide feedback on this matter. It is much easier to evaluate training on the level of application if the literature seeking nominations for the training makes it clear what the trainees will be encouraged by the training to do differently on their return and that their supervisors will be asked to assess the extent to which this has happened.

11. Fifth, to assess impact, it is necessary to carry out a structured study of the changes in the organization's performance as a result of the training, particularly if the training was designed to affect a large area of the organization's activities. Even if the training was designed simply to address an ad hoc problem in the organization, it will be necessary to try to measure or evaluate that aspect of the organization's performance based on an analysis of data before and after the training. This impact level of evaluation is, as stated above, very difficult to carry out. The cost of undertaking a major study, given the difficulty of doing so successfully, should be weighed against the benefits of doing so.

12. Sixth, the cost of every training programme or activity should be calculated, so that its outcomes can be judged on a value-for-money basis.

13. Evaluation is, thus, part of a cycle. The process (which is outlined in the following flow chart) involves gathering data about the pre-training situation and the many underlying factors in any organizational situation, as well as data about the performance of individuals and of the organization after the training. The information gleaned at each stage of evaluation should lead to decisions to improve the training, to discontinue it, or to question the assumptions on which it was based and come up with a solution other than training. The decisions taken at each stage of planning and design should also include decisions about how the success of the training will be evaluated. The aim of evaluation is improvement.

ANNEX XIII

Job classification implementation as at 31 December 1991

(All organizations)

HEADQUARTERS

Categories/grades	P-1-P-5*	D-1/D-2**	Higher	Total
Total number of posts	8 273	941	108	9 322
CCOG - applied/percentage	7 896 95%	847 90%	66 61%	8 809 94%
Master Standard - applied/percentage	7 558 91%	576 61%	25 23%	8 159 88%

FIELD (established offices outside Headquarters)

Categories/grades	National Officers***	P-1-P-5*	D-1 and above**	Total
Total number of posts	553	4 637	611	5 801
CCOG - applied/percentage	492 89%	3 774 81%	497 81%	4 763 82%
Master Standard - applied/percentage	543 98%	4 324 93%	416 68%	5 283 91%

PROJECT LOCATIONS

Categories/grades	National Officers	P-1-P-5*	D-1 and above**	Total
Total number of posts	843	3 834	342	5 019
CCOG - applied/percentage	843 100%	1 733 45%	61 18%	2 637 53%
Master Standard - applied/percentage	843 100%	1 570 41%	54 16%	2 467 49%

TOTAL

Categories/grades	National Officers***	P-1-P-5*	D-1 and above**	Total
Total number of posts	1 396	16 744	2 002	20 142
CCOG - applied/percentage	1 335 96%	13 403 80%	1 471 73%	16 209 80%
Master Standard - applied/percentage	1 386 99%	13 452 80%	1 071 53%	15 909 79%

* Including UNICEF L-1-L-5 posts.

** Including WHO P-6 posts.

*** NPO (National Professional Officer) posts classified by UNDP.

ANNEX XIV

A. Consideration of annual report of ICSC by common system organizations a/

	Name of body which takes up ICSC annual report	When
UN	General Assembly: Fifth Committee (Administrative and Budgetary Matters) and Advisory Committee on Administrative and Budgetary Questions (ACABQ)	Autumn of even-numbered years <u>b/</u>
ILO	Governing Body	November session - brief document on ICSC report submitted February/March session - Director-General submits report on findings of ICSC/decisions of General Assembly
FAO	Finance Committee	Twice a year - April/May and September
	Council	Twice a year in odd-numbered years - June and November Annually in even-numbered years - November
UNESCO	Executive Board	Annually - April/May
WHO	Executive Board	Annually - January
ICAO	Council	Annually - meets throughout year (Jan.-March, May-June, Sept.-Dec.); ICSC report distributed to Council when received
UPU	Executive Council	Annually - May
ITU	Administrative Council	Annually - late spring
WMO	Executive Council	Annually - June
IMO	Council	Annually - in either the June or November session
WIPO	Coordination Committee	Annually - September
UNIDO	Industrial Development Board	Twice a year - late spring and October/November

	Name of body which takes up ICSC annual report	When
IAEA	Board of Governors	Annually - June
	Administrative and Budgetary Committee	Annually - May

a/ The information contained herein was provided by CCAQ.

b/ Biennial approach adopted as of 1992 (General Assembly resolution 46/220 of 20 December 1991). ICSC reports requiring action by the General Assembly to be considered in even years and those on which no action is required in odd years; however, urgent matters may be dealt with on an annual basis.

**B. Consideration of other ICSC-related decisions/actions
by common system organizations**

	How is ICSC notified of actions taken on its report or on other ICSC actions?	How are ICSC decisions taken outside the framework of its annual report announced/ implemented?
UN	ICSC has direct knowledge: it is represented in Fifth Committee deliberations; ICSC Executive Secretary reports to Commission as a whole at its spring session.	Implemented at discretion of Secretary-General; (where application entails amending Staff Rules) provisional amendments reported to General Assembly.
ILO	Through implementation questionnaire; pertinent Governing Body documents are transmitted to ICSC secretariat.	Director-General empowered to implement without approval of Governing Body, which is informed in November and February/March of those decisions having financial implications. Director-General may amend Staff Regulations without Governing Body approval only after consulting Administrative Committee.
FAO	No systematic reporting; when Council requires specific action from FAO, it is brought to attention of ICSC secretariat.	Director-General authorized to amend Staff Regulations to give effect to ICSC decisions, which are reported <u>post facto</u> to the Council at its next session.

	How is ICSC notified of actions taken on its report or on other ICSC actions?	How are ICSC decisions taken outside the framework of its annual report announced/implemented?
UNESCO	Resolutions adopted by General Conference concerning work of ICSC are communicated to the United Nations General Assembly.	Decisions are implemented without notifying Executive Board or General Conference; Permanent delegations of Member States are notified by administrative circular.
WHO	Pertinent resolutions of Executive Board reported to ICSC secretariat, which is also informed on a regular basis of all changes made to Staff Rules.	Amendments made by Director-General to Staff Rules are reported to Executive Board for confirmation, usually in January; should implementation of certain amendments require greater inter-agency coordination, Director-General may delay reporting until May session.
ICAO	Not reported when Council accepts recommendations without reservation; otherwise Secretary-General advises ICSC Chairman by letter.	If no amendment to Service Code required, decisions are announced by notice to representatives on Council. If amendment required, decisions submitted to Council for action.
UPU	Not normally reported.	By a special agenda item.
ITU	ITU Secretary-General informs ICSC Chairman by letter.	Secretary-General may introduce changes regarding basic salary scales, changes to post adjustment rate/class, overtime rates, various allowances as/when adopted by United Nations common system for application in Geneva. All other matters require prior approval by Administrative Council.
WMO	By letter to ICSC Chairman or Executive Secretary.	Implemented by Secretary-General, then reported to Executive Council.
IMO	All changes to Staff Rules forwarded to ICSC; adjustments to GS salary scales and dependency allowances reported to ICSC Chairman by letter.	Routinely brought to attention of Council; Secretary-General can advise staff of change; if Staff Rule is changed, it is reported to Council.

	How is ICSC notified of actions taken on its report or on other ICSC actions?	How are ICSC decisions taken outside the framework of its annual report announced/implemented?
WIPO	WIPO International Bureau responds to ICSC implementation questionnaires; WIPO Director-General notifies ICSC Chairman regarding pertinent Coordination Committee actions.	Director-General may propose amendments to Staff Regulations, subject to approval by Coordination Committee. Amendments to adapt Staff Regulations to ICSC decisions (i.e., salaries and allowances in Geneva) may be provisionally decreed and applied by Director-General. He may amend Staff Rules; reports such amendments annually to Coordination Committee.
UNIDO	If legislative body requests Director-General to pursue a specific issue, his representative brings it to the attention of the ICSC secretariat.	Authority is delegated to Executive Head; amended to Staff Regulations brought to attention of Industrial Development Board and/or General Conference.
IAEA	Decisions taken by legislative body usually brought to attention of ICSC secretariat by letter with related documents attached.	If feasible, referred to Board of Governors in context of next annual report, or may be advanced to June or September Board meeting. Items relating to post adjustment approved by Board are implemented without reference to governing body (e.g., rental subsidy system).

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